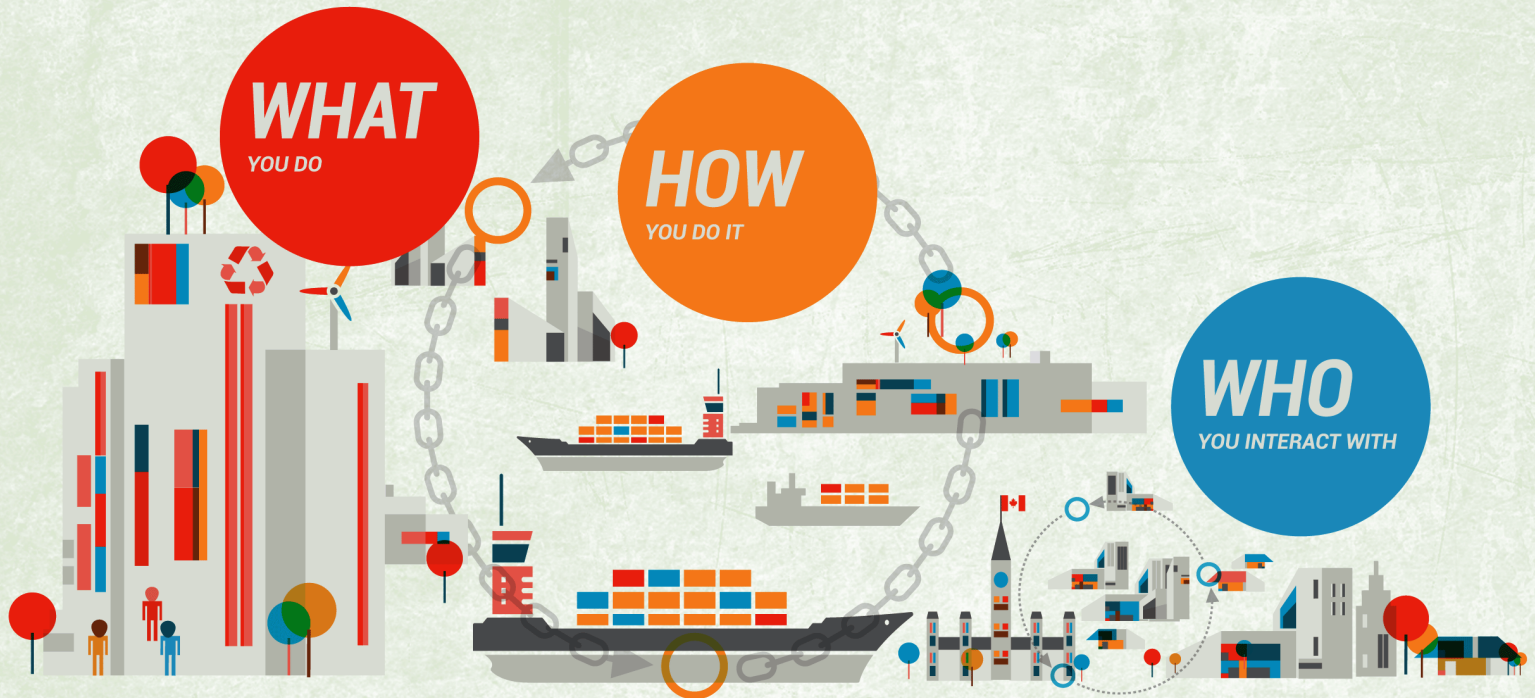


IS YOUR COMPANY TRANSFORMATIONAL?



1. Sustainable Purpose



2. Sustainable Customer Offerings



3. Solutions-Oriented



4. Restorative



5. Long-Term Vision



6. Sustainability Governance and Culture



7. Enlightened Leadership



8. Employee Engagement



9. Inclusive Business



10. Closed-Loop



11. Resource Productivity



12. Value-Chain Influence



13. Stakeholder Accountability and Transparency



14. Customer Engagement



15. Industry Standards



16. Multi-Stakeholder Collaboration



17. Finance Community



18. Public Engagement



19. Public Policy Advocacy

Accelerate and scale sustainability

- Benchmark and scale your Transformational Company efforts.
- Help CBSR accelerate take-up of the Transformational Company Framework in companies, industries and supply chains.
- Register for an upcoming Transformational Company event to learn how to operationalize the qualities.

cbsr.ca/transformationalcompany

A Guide to the “Qualities of a Transformational Company”

Executive Summary

Canadian Business for Social Responsibility (CBSR), has developed this guide on “The Qualities of a Transformational Company”. The goal is to provide an aspirational and inspiration roadmap for companies to scale up their corporate social responsibility (CSR) and sustainability efforts in order to address systemic societal risks, challenges and opportunities and improve their long-term business prospects.

Global research into ‘next practices’ in CSR and sustainability reveals there are 19 qualities of a transformational company. The Guide provides a description of each quality, including the business case, action steps, case studies and additional resources. Companies can use them to prioritize and develop initiatives that will enhance both business and societal prospects and build a better world for all.

The Transformational Company Qualities Guide is the definitive go-to resource, benchmark and checklist for anyone interested in the essential requirements of CSR or sustainability leadership. Whether developing or refreshing your CSR or sustainability strategy, consider these qualities and this Guide for best practice inspiration and insight. This is the new leadership bar – and the compelling imperative for a sustainable future for companies and the present and future generations they serve.

Introduction

A growing and urbanizing global population, changing societal expectations, and continuous technology innovation are affecting the context in which business can succeed and thrive. These tectonic shifts compel companies to rethink their business models to ensure that they can create shareholder and societal value over the long term. This is driving a fresh look at the qualities companies must embrace to foster commercial and social success: the “transformational qualities”.

For the past few decades many companies have improved their social and environmental performance on a continuous and incremental basis. The reality is, however, that slow and steady is no longer enough. Global social and environmental trends - such as resource, water and food pressures, climate change, unemployment, ageing, obesity, immigration, and rising income inequality - are creating new risks and opportunities for business. Increasing transparency and social connectivity coupled with growing consumer demand for social leadership are transforming the competitive landscape and opening windows to business-model and product innovation. Leading companies realize that to improve both their operating context and societal well-being they must act beyond their own operations and the foreseeable future. These companies invest in new measures to scale up their positive impacts and dramatically reduce their negative impacts to create a future-fit, viable business that is virtuous and collaborative by design.

To better understand this new breed of company, Canadian Business for Social Responsibility (CBSR) commissioned global research in 2012 to identify these new qualities and to compile them into a framework for other companies to follow. These qualities are based on a scan of 20 global guidelines for sustainability and corporate social responsibility leadership with input from nearly three dozen sustainability thought leaders around the world. In 2013 and 2014 CBSR published [forty case studies](#) of the transformational qualities in action.

In 2015 CBSR published this Guide to help other businesses identify opportunities to become transformational in their regions, markets, value chains, and sectors.

Opportunities for Action: Using the Guide

Businesses can scan the list of 19 qualities, organized by “what you do”, “how you do it”, and “who you interact with”, to quickly identify gaps and opportunities for action.

Step 1: Review the list of 19 qualities and identify the top transformational opportunities aligned with your priorities and capacity.

Step 2: Drill down into each chapter for further information on the quality, the business case and best practices of leading companies demonstrating the qualities.

Step 3: Consider the suggestions on how to implement the quality.

Step 4: Refer to the resources listed for more information.

There is no magical formula or threshold for becoming a transformational company. The more qualities pursued by a company, the more transformational the company becomes compared to its peers, which remain focused on short term practices in their direct operational control.

Business Benefits of the Transformational Qualities

As revealed by the case studies in the guide, companies of any size, sector and type can adopt transformational qualities. Publicly traded companies, owner-operated businesses, and co-operatives have developed effective business models and strategies that generate both financial and social value. While there is no definitive ‘return on investment’ yet, given the newness of these approaches, there are many business benefits that can be realized from a transformational approach:

- **Employee engagement:** Improve employee recruitment, retention and productivity; be seen as an employer of choice
- **Customer satisfaction:** Increase customer attraction, engagement and advocacy; provide access to new markets
- **Brand and reputation:** Build a positive brand and reputation with key stakeholders; become a partner of choice
- **Cost savings:** Lower costs from reduced materials, water and energy use and waste management
- **Government relations:** Anticipate, prepare for and influence government regulations and standards
- **Supply and resource security:** Improve supply-chain security and maintain access to scarce resources; manage price volatility
- **Innovation:** Foster innovation and develop new products and services
- **Risk management:** Decrease strategic and operational risks; enhance business continuity
- **Capital access:** Increase availability of capital
- **Operating context:** Improve the operating context of the business; create external conditions for future success
- **Competitive advantage:** Build competitive and first-mover advantage
- **Social license:** Strengthen stakeholder relations and social licence to operate and grow

The 19 qualities are profiled below. They can be read in sequence, or selectively, depending on preferences. Please visit our Transformational Company Qualities [website](#) for more information, tips and tools.

We value your feedback and encourage you to contact CBSR at info@cbsr.ca with your comments and ideas. Let us know if your company has transformational practices and we would be pleased to help you tell your story.

Acknowledgements

CBSR thanks the following for their contribution to this Guide:

Coro Strandberg, [CBSR Associate](#) and [Principal of Strandberg Consulting](#), for researching, compiling and creating the Guide and sharing her [transformational tools and resources](#). She in turn appreciates the support and advice she received from the corporate sustainability and social responsibility practitioner community while compiling this Guide and acknowledges that the content incorporates and builds upon the work of many others.

[Employment and Social Development Canada](#) for funding production of the Guide.

[Enbridge](#) financially sponsored promotion and distribution of the Guide.

The [National Zero Waste Council](#) financially sponsored Quality #10: Closed Loop.



WHAT ***YOU DO***





1: SUSTAINABLE PURPOSE

Transformational companies aim to align overall corporate purpose with sustainability principles where sustainability drives value, where what the company does is a benefit to society, and where profits enable fair and equitable compensation for natural and social resources.

WHAT IS IT?

Leading companies realize the importance of ensuring a healthy society and environment today and in the future and shift their business to achieve long-term commercial success while accelerating inclusive and sustainable prosperity. They rewire their business so that their growth is a positive force in society and gain competitive advantage in doing so. Many take explicit responsibility to reduce their impacts on future generations. They adopt a compelling and aspirational core purpose, quest or mission that goes beyond making money to create value for both business and society. This core purpose – their contribution to society and the greater good – shapes and informs the company's essential reason for being. It describes why the company exists, and the positive impact it seeks to make. This is placed at the core of their operations and at the heart of the brand proposition in one integrated strategy. For some it transcends maximizing profits and shareholder value, and for others it is the means by which they create value and grow. Either way, it becomes a business philosophy and a shared intent by everyone in the business, guiding every decision of the leaders and employees in all departments.

These companies realize their success cannot be achieved at the expense of their employees, communities, and the environment and ensure these stakeholders are compensated fairly for their contributions. This includes pay equity and living wages for employees, fair pay ratios between executives and the workforce, ensuring suppliers treat employees well, benefit sharing with communities and internalizing the environmental costs of production through paying for [environmental offsets or eco-system services](#). Sustainable purpose organizations take a holistic approach to measuring and defining value, in ways that include business and social value.

Purposeful Companies

Examples of companies adopting a 'sustainable' purpose:

"We create chemistry for a sustainable future", BASF

"Working with people and communities to help them thrive and prosper", Vancity Credit Union

"Make it easier for customers to have better, more sustainable homes", Kingfisher



WHY IS IT IMPORTANT?

Expectations of business and its role in society have changed. As society faces more serious challenges from resource scarcity to rising inequality, stakeholders increasingly look to business to play a stronger role. To achieve inclusive prosperity within planetary boundaries and to succeed and thrive into the future, business will need to re-engineer its operating model, reinvent its strategies, and engage in disruptive innovation.

According to Deloitte's [analysis](#), over one-fifth of Fortune Global 500 companies already have a clear, society-focused purpose underpinning their activities. [Research](#) shows that businesses which articulate and activate 'high ideals' in all they do achieve growth rates triple those of their competitors and significantly outperform the market.

Businesses that align their mission with sustainability principles will reap the following benefits and more:

- Improve employee recruitment, retention and productivity
- Increase customer attraction, engagement and advocacy
- Strengthens stakeholder relations and social licence to operate and grow
- Reduce or eliminate expenditure on paid media
- Increase innovation and competitive advantage

Purpose drives customer behaviour and preference

Edelman global consumer [research](#) reveals that when price and quality are equal social purpose ranks as the most important factor in selecting a brand, over design, innovation and brand loyalty. Social purpose as a purchase trigger when quality and price are equal grew by 26% from 2008 to 2012.

The millennial generation, which makes up the future workforce and customer base, is especially attracted to social-purpose companies. Equally, companies that engage in '[story doing](#)' rather than 'story telling' cultivate ambassadors and champions for their brands, leveraging their marketing investments and letting the network spread their message. Companies that stand for a compelling idea and infuse it throughout their operations and relationships can generate greater business results.

HOW TO DO IT?

The following are some ways a company can identify and pursue sustainable purpose.

1. **Look back:** Determine if there are existing core beliefs of your brand or a genesis or heritage story upon which your business or products were founded. Perhaps there was an original need the founders set out to address that can be refurbished with a twenty-first century lens. Or find customer impact stories which reveal your higher ideals. These underlying ideas can be reinvigorated as a foundation for a revitalized core purpose.



Unilever's Founding Story Influences Its New Core Purpose


In the months before Paul Polman at Unilever took charge in 2009, he studied Unilever's genesis. As an outside hire, he made it his business to know the heritage story better than anyone. That story began in the 1890s with William Hesketh Lever, who sought to use his new Sunlight brand soap "to make cleanliness commonplace" and mitigate hygiene-related problems that plagued Victorian




England. In late 19th century Britain, one of every two babies would not survive his or her first year. According to Polman, Lever would ask himself, “How do I grow, grow, grow so that more people get the benefit?”

Under Polman’s leadership Unilever adopted a new core purpose in 2010: “To make sustainable living commonplace”.

Source

- 

2. Look forward: Identify the long-term sustainability mega-forces such as climate change, food security and youth unemployment that will affect your business, your value chain and the markets and communities in which you operate. Prioritize areas where a societal need intersects with or links to your competencies and corporate strategy, issues which you can uniquely influence and scale through your core business and where your core products and people can make the biggest impact. Through visioning processes develop an inspirational core purpose, ideal or quest to infuse your products and mobilize the company and its stakeholders.
- 

3. Look inside: Identify how your work processes, culture, customer experience and stakeholder relationships can express and accelerate your purpose. How can your mission influence your decision-making and inspire innovation? How can your workforce have a clear understanding of your purpose and be empowered to bring it to life? How will it affect who you hire and how you train and promote talent? How will your core purpose impact your products and services? How can purpose help to build relationships with the stakeholders with whom you need to engage in the markets that matter to you? What is the full inventory of assets, competencies and resources your company can offer? How can your marketing power address this issue? How can your short-term goals be balanced against the long-term fulfillment of your ambition?
- 

4. Live it: Innovate new business models through piloting and prototyping new products, processes and ways of doing business. Collaborate with stakeholders in solutions development and implementation. Scale, spread and multiply successful ideas. Use your core purpose to assess current and future business activities and prioritize them, including what to start, stop and do more of. Let it drive your growth model.

WHO IS DOING IT?

The methodologies available to develop a comprehensive business model where a company’s profits fairly and equitably compensate for its use of natural and social capital resources are under development. This [article](#) summarizes and debates some of the main approaches. There is global interest in the emergence of [international integrated reporting standards](#) which provide a roadmap for how companies can understand how they use or affect social, natural, financial and other forms of capital in the course of conducting business. Resources are becoming available for pricing and offsetting carbon and other environmental impacts. Micro-finance, impact investing and social impact bonds are creating a marketplace for pricing and improving social conditions. Pioneering companies lead and join these movements to create the framework and roadmap for measuring, pricing and internalizing the social and environmental costs of conducting business.

Sustainable Purpose Strategy Tool

Click [here](#) to access a sustainable purpose strategy tool. It can help you identify options to evolve your business model towards sustainable and social purpose.



WHO IS DOING IT?

CVS, the second largest pharmacy chain in the US: Recently the company adopted a new corporate purpose: to help people on their path to better health. It changed its name to CVSHealth to better reflect its new mandate, stopped selling tobacco products (sacrificing \$2B in sales) and launched a comprehensive national smoking cessation program. It adopted a “Prescription for a Better World” strategy focused on building healthier communities, protecting the planet and creating economic opportunities. Top priorities include increasing access and affordability of health care, reducing prescription drug abuse, and mitigating its carbon footprint. It describes its new value proposition this way:

“CVS Health is a pharmacy innovation company helping people on their path to better health. Through our 7,700 retail pharmacies, more than 900 walk-in medical clinics, a leading pharmacy benefits manager with nearly 65 million plan members, and expanding specialty pharmacy services, we enable people, businesses and communities to manage health in more affordable, effective ways. This unique integrated model increases access to quality care, delivers better health outcomes and lowers overall health care costs. Find more information about how CVS Health is shaping the future of health at www.cvshealth.com.”

Alongside its national smoking cessation program the company launched a social campaign, “#OneGoodReason”, inviting everyone to share their personal stories of how smoking and tobacco use has affected their lives. Their hope is that through the sharing of these stories the company can spark a movement that will make lasting improvements in health across the nation.

Procter and Gamble, consumer goods company: In 2000 Procter and Gamble set a goal to attract the best talent, grow their market share and make their marketing known, recognized, and admired by all the people important to the company’s future. To hit these big targets they developed an even bigger goal: to identify and activate a distinctive ideal or purpose to improve people’s lives. That became the explicit quest of every business in the P&G portfolio. They set about establishing each business line’s true reason for being as the basis for new growth and building each business’s culture around its ideal. Every P&G business had to communicate its ideal internally and externally. Each business leader was expected to articulate how each brand’s individual identity furthered P&G’s overarching mantra of improving people’s lives. The executive also modelled the motto and measured all activities and people in terms of the ideals of the brands and the company as a whole. The success of that effort fueled P&G’s growth from 2001 on. ([Source](#))

Click [here](#) for another example of a company committing to a sustainable purpose.

Vancity Credit Union, the largest community-based credit union in the world based in Vancouver, is a good example of a company whose profits enable fair and equitable utilization of social and natural capital. It has a strong social purpose (to help people and communities thrive and prosper) and shares its success with its stakeholders: customers (members), employees and the communities where they live and work. Every year through its “Shared Success” program it allocates a share of profits to its customer-members through dividends and rebates, with employees through bonuses and with community organizations through grants. As well, Vancity pays its employees a living wage, contracts with suppliers who do so and maintains a balance between CEO and employee pay, which in 2013 was 28 times that of its entry-level wage. The business also pays for its carbon emissions through a comprehensive and audited [program](#).



WHERE CAN I GO FOR MORE INFORMATION?

- True Story: How to Combine Story and Action to Transform Your Business, Ty Montague
<http://tymontague.com/true-story>
- Ideals: The New Engine of Business Growth, Jim Stengel and Benoit Garbe
http://www.jimstengel.com/wp-content/uploads/2013/11/Millward_Brown_Stengel_POV_on_Brand_Ideals.pdf
- Combining Profit and Purpose: A New Dialogue on the Role of Business in Society, Cranfield School of Management, 2014
http://www.cokecce.com/system/file_resources/210/W21883_TL_Report_A4_FINAL.pdf
- Model Behaviour, research into new social purpose business models, SustainAbility
<http://www.sustainability.com/projects/business-model-innovation>
- Conference Board of Canada webinar on Unilever's approach to becoming a sustainable purpose company ([link](#)). Contact publications@conferenceboard.ca and quote CBSR to see if you qualify for free or discounted access.





Transformational Company Quality

2: SUSTAINABLE CUSTOMER OFFERINGS

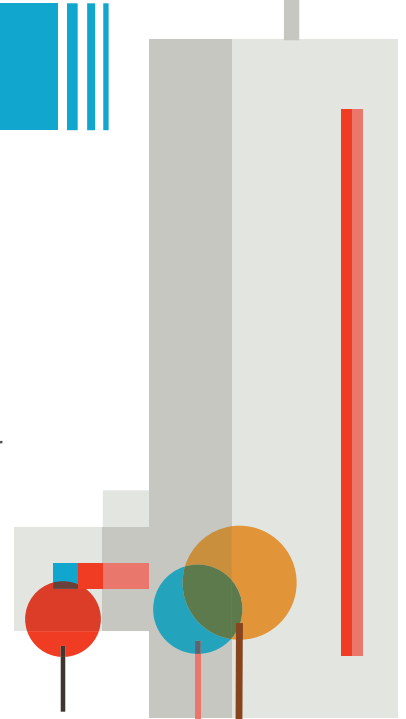


Transformational companies integrate sustainability into the full life-cycle of product and service design, use and disposal, and advance sustainability through continuous improvement of core products and services.

WHAT IS IT?

Growing global resource constraints coupled with changing customer, investor and government expectations are driving companies to redesign existing product portfolios to reduce resource dependencies and invest in new products and services that offer solutions to sustainability problems. Innovative companies are re-imagining and re-tooling business models and product and service designs to create customer offerings that minimize adverse social and environmental impacts and generate positive impact throughout the life of their products. Sustainability commitments are expressed through core products and services and integrated into the core business via a common brand promise. These products measurably improve people's lives with a significantly better environmental footprint. They are cleaner, more efficient, and socially equitable.

Transformational companies set and invest in reaching targets to improve the sustainability profile of their products and their customers. This includes environmental impacts, social impacts (e.g., worker, consumer and community) and the accessibility, usability and affordability of their products (e.g., applying universal design principles where products are usable by all people regardless of income, ability, etc.). To meet the criteria of sustainable development for the future, some products are totally redesigned, or eliminated altogether. With a vision to enable sustainable lifestyles, leaders consider how or if a product or service fulfils real needs and improves lives, or whether it creates desires and fuels unnecessary wasteful consumption.



Here is an overview of the different approaches often taken:

- Shelf editing – a large UK do-it-yourself chain (B&Q) stopped selling patio heaters because of the negative environmental impacts. CVS Health, a large US retail pharmacy chain, stopped selling tobacco products because of its focus on health
- Divesting unsustainable business lines – to concentrate on healthier food offerings more consistent with its corporate health mission, sold off a number of junk-food businesses (e.g., cookies)
- Buying up social and sustainable brands – Unilever bought Ben and Jerry's ice cream, which is a global leader in social value ice cream products
- Giving prominent shelf-space to more sustainable products – Walmart's e-commerce site identifies 3,000 products made by more than 100 companies with a label that reads "Made by a Sustainability Leader"
- Virtualizing the product or offering it as a service – for example, virtual e-books and digital music and leasing lighting (Philips) and carpet services (Interface)
- Developing collaborative consumption and shared-ownership products to reduce consumption impacts – BMW's DriveNow car-sharing mobility service is an example of this
- Consistently increasing the sustainability dimension of core products over time, or adopting



strategies for all products to have one or more social or environmental sustainable features – BASF – the large global chemical company – is an example of the former with their “Sustainable Solution Steering” approach which takes a 360° view on the sustainability performance of their portfolio (see text box); L’Oréal is pursuing the latter method (see text box).

BASF commits to a sustainable solutions vision and pursues comprehensive sustainable product approach

BASF, the global chemical company, adopted a corporate purpose to “Create chemistry for a sustainable future” and a goal to increase the sustainability contribution of their chemical solutions. To this end they evaluated the sustainability impacts of 50,000 product applications in their portfolio, representing sales of €56 billion. The analysis took a couple of years to complete, involved 1,500 experts, and resulted in over a thousand specific plans for changing or phasing out products. Each product has been assessed as either accelerator, performer, transitioner or challenged and they have plans to continuously increase the number of accelerator products they offer customers. To qualify as an accelerator product, a BASF solution must make a substantial contribution to at least one designated and relevant area of sustainable development while not having significant negative impacts on any other area of sustainable development. Accelerator products contribute to at least one of the following areas:

- Cost savings downstream
- Climate change
- Energy
- Resource efficiency
- Health and safety
- Biodiversity
- Renewables
- Emission reduction
- Water
- UN Millennium Development Goals

To increase the number of accelerator products they ask themselves “with which measures (e.g. R&D, reformulation, product stewardship and phase-out) can we improve the sustainability performance of our solutions; and “how can we and our customers gain maximum value from our sustainable solutions?”. They set measures and milestones to identify new market opportunities, further innovations and reduce potential sales risks associated with the less sustainable solutions in their portfolio.

They traced several thousands of accelerator products back two years and found that their average growth rate outperformed their respective markets. Their goal is to increase the share of accelerators while reducing the impact of the solutions considered transitioners or challenged to minimize business risk. All their business will develop action plans for solutions classified as challenged. By analyzing the sustainability issues, market impacts and regional specifics the units will then develop options for tackling the challenged solutions. BASF seeks to reduce exposure to these products and derive new business opportunities by solving the sustainability concern.

Source and **source** and **source**

L’Oréal’s sustainable product commitment

In 2013, L’Oréal committed that, by 2020, 100% of their products will have an environmental or social benefit. Practically, this means demonstrating improved impact over today’s performance in ways that are quantifiable, measurable and verifiable. By 2020, a product assessment tool will evaluate all new products based on their environmental and social profile and brands will make this information available to consumers to support making informed choices about sustainable consumption.



According to the company, encouraging more responsible consumption – not only by reducing the impact of their products, but by involving consumers in this movement – is a major paradigm shift for their brands.

Source and source

Transformational companies focus on how to go beyond simply making their products less bad, to becoming a force for social good. Seeking to do more than reduce the negative impacts (footprints) of their products, some companies calculate and accelerate their 'handprint', the degree to which their customers' footprint is improved through the use of their sustainably positive products or services.

Leaders also provide customers information on the sustainability impacts of their products through labelling, certification and other means to support informed choices and foster sustainable consumption. They do not see the sustainability forces which are affecting the business operating context as a threat but as an inspiring business challenge, an opportunity to innovate their companies, provide products and services that delight consumers and improve their competitive advantage – while contributing to a sustainable future.

Marks and Spencer sets goals to embed and market sustainability (Plan A) product features

Aim: We will ensure every M&S product we sell has an aspirational Plan A (sustainability) story to tell, based on a transparent value chain and comprehensive reporting. This year, 57% of M&S products (based on volume) had at least one Plan A quality – one year ahead of our 50% by 2015 target. These include Fairtrade, organic, free range, cruelty-free, low alcohol, sustainably sourced raw materials, recycled content, made in a factory that meets social or environmental best practice standards and healthy food. We've developed our Plan A qualities with help from Waste Resources Action Programme Product Sustainability Forum and Sustainable Clothing Action Plan, as well as the international The Sustainability Consortium. Next year we plan to publish a list of our Plan A qualities and explain them in full.

Aim: Develop mechanisms to help our customers identify products with Plan A qualities online to encourage their purchase by 2015. Having started with cruelty-free beauty products in 2014, next year we plan to introduce graphic symbols on our website to highlight other products with Plan A qualities.

Aim: By the end of 2016, we will have developed and rolled-out a training programme on sustainability and green claims to all M&S marketing managers.

Aim: Trial and evaluate at least two General Merchandise Sustainable Learning Products or services each year from 2015. This commitment is designed to inspire products and services with better sustainable credentials, such as the Plan A sofa range we launched in 2013/14 (incorporating a Forest Stewardship Council certified wood frame and a wool/flax material that makes it more naturally fire retardant) and a recycled denim throw. We're planning several collaborative innovations, which we hope to be able to announce in the coming year.

Source

WHY IS IT IMPORTANT?

Increasingly, customers seek products and services that are produced and consumed in a socially and environmentally responsible way. Customers expect companies to contribute solutions to global



social and environmental issues. Equally, businesses are operating in a resource-constrained world, with growing global competition for finite natural resources and a decline in the quality and integrity of the ecosystems that underpin them. This is creating a business imperative to reinvent core products and services to mitigate rising and volatile raw materials prices and longer-term business risk, while reducing costs and increasing revenues from new customer value propositions.

Depending on the approach, these are some of the benefits available from integrating sustainability into the full life-cycle of product and service design, use and disposal, and advancing sustainability through the continuous improvement of core products and services:

- Attract customers and meet future expectations of tomorrow's customers
- Increase revenues by differentiating in the marketplace
- Build a positive brand and reputation with key stakeholders
- Win supply contracts
- Reduce costs from reduced materials and energy use
- Anticipate and prepare for government regulations and standards
- Improve supply-chain security
- Foster innovation
- Attract, retain and engage employees

"Incrementalism doesn't light people up. It is radical change that excites people."

~Steve Howard, Chief Sustainability Officer, IKEA

Source

By rethinking design and production processes, companies can achieve higher sales performance, increased profit margins and significant cost savings. Companies that pursue strategies to improve the sustainability impacts of their core offerings will reduce and avoid social and environmental risks, enhance their social licence to operate and grow, while ultimately helping to create a more sustainable society. In so doing, they advance an industrial revolution that turns the making of things into a positive force for people, the economy, and the planet.

Dow accelerates its product 'handprint'

In 2006, we launched our current set of 2015 Sustainability Goals, which focus not only on the Company's footprint in our own operations but also our handprint through the positive impact of Dow products and their role in global sustainable development. These efforts are focused on addressing global challenges like health, water, food, climate change, and energy. Two such products include Omega-9 Heart Healthy Oils and DOW FILMTEC™ ECO Reverse Osmosis Desalination Technology, which address global challenges in health and nutrition and clean water, respectively.

Source

HOW TO DO IT?

Here are some general guidelines on how to improve the sustainability impacts of your product portfolio.

- Identify the top environmental and social dependencies, impacts and opportunities across your product's lifecycle from how it's extracted, harvested and made, to how it's used and disposed.



You can do this by conducting a life-cycle assessment to prioritize the hot spots and improvement opportunities. The ISO has environmental [life-cycle assessment standards](#) which can be used as a guide and a [life-cycle assessment tool to evaluate product social impacts](#) is now available.

- Adopt social and environmental criteria to guide product design teams. These can be based on the life-cycle review and / or on industry guidelines or standards developed by third party industry groups, such as [The Sustainability Consortium](#)
- Collaborate internally and with suppliers or customers as necessary to improve the product's sustainability impacts and features.
- Trial your approach by greening or adding social features to a few products in your portfolio, depending on where demand is highest or impacts are greatest, and assess customer take-up.
- Develop or join sector and cross-sector collaborations to drive improvements, where the challenges of going it alone are too great.

Industry collaboration to determine and measure product sustainability

The Sustainability Consortium (TSC) is a global, university-based collaboration of companies and academics established to assess and share scientific research on the social and environmental footprints of consumer products. It has guidelines and data on over 100 product categories from bread, books, and computers to clothing, TVs, and toys. The organization is a data amalgamator, gathering the best peer-reviewed science on the lifecycle impacts and 'material' environmental and social issues for a given product category. The group identifies the 'hot spots' in the value chain that create the most risk and footprint. For example, in the case of computers, key issues might be how much energy it consumes during use, or the inclusion of metals in the design that come from controversial "conflict minerals" in the supply chain. For other product categories, the largest issues may be things like overall carbon footprint, water use, resource depletion, or worker health and safety. TSC boils the analysis down to about 10 to 15 questions that manufacturers and consumer products companies can answer, which generates a score for each product. The scores are unique for each category, so a company like Kimberly-Clark could have a different score in diapers (Huggies) than in "household papers" (Scott). This information can help a company identify where to spend time with designers, suppliers or customers to improve the product's sustainability profile.

Source

How IKEA mobilized to innovate sustainable products and drive sales

Reflecting on IKEA's 2014 sustainability achievements, Steve Howard, IKEA's head of sustainability, points to this top driver: "I think it comes down to setting an agenda for transformational change in the business and then really driving that change through innovation". He elaborates on the following example:

"We went to our lighting team and we said, 'How quickly can we get a 100 percent LED range? They came back and said the end of financial year 2015 and we said, 'Let's do it.' We then worked with all our suppliers to design products that were as efficient as possible and then we made a big volume play to bring the cost right down."

The net result is a lighting range that will be 100 per cent LED by the end of 2015 and an accompanying surge in customer interest. "We've seen a big response from customers in the last 12 to 18 months as they recognized this is a better product," Howard revealed. "I think people are starting to get familiar with LED technology. Then you get the peer-to-peer recommendations. At a certain point the value proposition became clear."

It was only by making a big commitment to the technology that IKEA was able to bring the cost down to a point that customers would accept. "People were using bulbs that cost 50 pence or a pound," Howard recalled. "They may have got the value proposition of LEDs but the price differential was too high. But now we've got the price point right down. You can get payback in four to five months and then it's payback for 20 years."



The result of all this innovation is a 58 percent year-on-year increase in IKEA's sales of products that help customers save energy, reduce water use, curb waste levels or generate their own power. And a significant, if as yet unquantified, environmental saving.

[Source](#)

WHO IS DOING IT?

Beau's All Natural Brewing Company based in Vankleek Hill, Ontario, produces craft beer for the local market (including Ontario, Quebec and New York State). Its vision statement is: "Crafting beer. Inspiring community. Oh yeah!". It takes a sustainable value chain approach to the production of its beer so it can offer customers a beneficial product: 20% of its hops is locally sourced, all of the company's beer is certified organic and all of the spent grain goes to local organic farmers for feed. As well, the company features certain of its products as social value added. For example, in 2011 Beau's launched its "Greener Futures Project", an exclusive customer beer club that offers premium-priced limited-edition beers not available to the general public, the proceeds of which are invested in the company's sustainability improvements such as solar panels, renewable energy sourcing, and waste and wastewater initiatives (over 2014-2015). On the social side, every year the brewery offers 2 – 3 beers where the profits are shared with a local community organization (\$20K in 2014).

The company is also focused on sustainable packaging solutions, including 100% recycled cardboard packaging, 4-packs rather than 6-packs to reduce packaging, crown caps rather than twist-offs which increase the recyclability of the reusable glass bottles and 100% post-consumer recycled labels.

To mobilize and inspire its staff, all 123 employees receive education and training on the company's social and environmental mission. In 2013 the company became a "B Corporation", an eco-certification of its strong social and environmental sustainability practices.

The company has experienced 100 times growth in the past eight years and sold 3.5 million litres in 2014. According to the CEO, documenting and standardizing their sustainability procedures helped it grow stronger, with their efforts attracting attention from restaurants and the media: "We became junkies for measurement-type of activities because it's rewarding. And people in the community skeptical of our claims were more open to it. It opened doors for us that wouldn't be open otherwise." [\(Source\)](#)

Loblaw Companies Limited (Loblaw), Canada's largest retailer, is committed to providing customers with products that are healthy, nutritious, safe, local and responsibly sourced. As of 2013, all President's Choice "Free From" poultry and pork are sourced exclusively in Canada and raised without the use of antibiotics or hormones; while the animals are fed a vegetable and grain diet. Loblaw is also targeting to source fresh pork from suppliers that have made the transition to loose housing environments by 2022. For President's Choice eggs, Loblaw is working with egg farmers and suppliers to transition eggs to be free-run. Loblaw is committed to source palm oil in all its control brand products from sustainable sources by the end of 2015. For seafood, the company is the first and only major retailer in Canada to commit to sourcing 100% of its seafood from sustainable sources – currently at 88% of target.

Socially, Loblaw strives to be the nutrition and health destination in Canada. To achieve this goal and help customers make healthier food choices, Loblaw rates all of its food products based on their nutritional value, using a "Guiding Stars" in-store tool. The company has removed artificial flavours and colours from all branded products, and is committed to remove artificial sweeteners and lowering sodium in processed products. [\(Source\)](#)



WHERE CAN I GO FOR MORE INFORMATION?

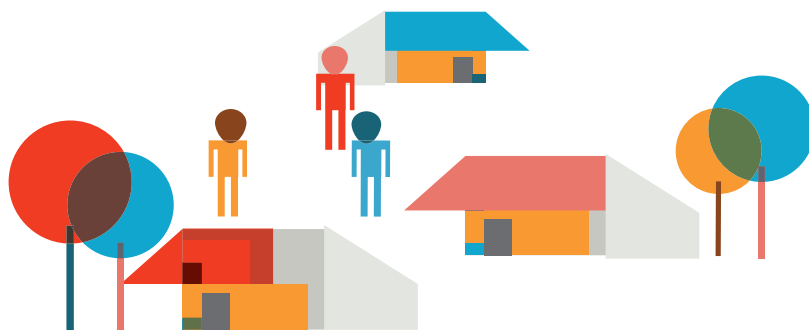
- The Sustainability Consortium is an industry collaboration with a purpose to develop science-based sustainability assessments of consumer goods to drive a new generation of products and supply networks that address environmental, social, and economic imperatives. It includes members of over 100 of the world's largest retailers, consumer product companies, and NGO and academic partners and is run by the University of Arkansas and Arizona State University. Corporate members include Coca-Cola, PepsiCo, P&G, J&J, Kellogg's, L'Oréal, and Unilever.
<http://www.sustainabilityconsortium.org/>
- How to Design Sustainable Products, Network for Business Sustainability
<http://nbs.net/knowledge/how-to-design-sustainable-products/>
- Handbook for Product Social Impact Assessment
<http://product-social-impact-assessment.com/handbook/>
- Cradle to Cradle Products Innovation Institute administers a certifiable guidance and evaluation system for product designers and manufacturers
<http://www.c2ccertified.org/>
- Biomimicry is an approach to innovation that seeks sustainable solutions to human challenges by emulating nature's patterns and strategies
<http://biomimicry.org/what-is-biomimicry/>
- UL Environment is a third-party certifier of environmental claims
<http://industries.ul.com/environment>
- Conference Board of Canada webinar on sustainable customer offerings ([link](#)). Contact publications@conferenceboard.ca and quote CBSR to see if you qualify for free or discounted access.





Transformational Company Quality

#3 SOLUTIONS-ORIENTED



Transformational companies work with key stakeholders, find business opportunities and adopt business models and strategies that address systemic social, economic and environmental problems; scale solutions with customers and suppliers.

WHAT IS IT?

The business sector has a critical role to play in contributing to a flourishing society. Business has the ingenuity, resources and know-how to address important social and environmental issues and can provide social leadership on pressing problems. Leading businesses are responding to these opportunities. They are contributing financial support and expertise and adapting products, services and value chains to create social value through their business models. They find ways to harness their core competencies and business assets to create lasting societal and business benefits.

A trail-blazing group of businesses – transformational companies – are rethinking their business models to address widespread societal issues directly through their products, services, operations and business relationships. They embed social value into their functions and collaborate with suppliers, customers, community organizations, governments and even competitors to reduce poverty, social exclusion and environmental degradation. In partnership with others, they reduce problems that affect social stability and community quality of life.

Indeed, leading businesses know that their financial health and the health of their communities and the environments they depend upon are interdependent. By supporting the vibrancy, health and resilience of the communities in which they operate they are contributing to their future workforce and supplier and customer base. Enhancing local, regional and global ecosystems will ensure business and societal viability for the long-term. Going forward, now that the United Nations has adopted the [Sustainable Development Goals](#), more and more companies will be adapting their corporate strategies to contribute materially to the solutions that will set society and the planet on a positive course.

Global consumers look to companies to contribute to the greater good

Over 80% of global consumers agree that it is acceptable for a company to both increase profits and improve the economic and social conditions in communities where they operate. Failing to contribute to the greater good is the top reason trust in business is declining according to 53% of 33,000 respondents in this global survey. Companies that address individual needs or challenges as well as larger macro issues facing society gain consumer trust.

Source



WHY IS IT IMPORTANT?

Business has unique insights, skills and resources to contribute to important social issues. Breakthrough solutions can only be developed and scaled by combining the tools, means, expertise and synergies of all stakeholders.

While the business benefits are dependent on the particular social issues and business strategies pursued, the range of business benefits include:

- Increased market share through new and more loyal customers and markets
- New and deeper insights into customer segments
- New products and services
- Improved reputation and brand differentiation
- Improved employee recruitment and retention
- Improved productivity
- Secured supply and customer of choice status

By identifying and addressing social problems that intersect with their business, companies can create tangible business and social value. Ignoring these opportunities limits a company's bottom line and short-changes society of much needed innovation, resources, and systems to solve social problems.

Marks and Spencer tackles women's empowerment, sustainable livelihoods and youth unemployment

In 2014 Marks and Spencer, a UK-based global retailer, launched their Global Community Programme, designed to increase the scale of the social, environmental and economic benefits of global collaborations where they source products. With a business vision to drive growth and increase efficiency through partnerships along their supply chain, they set an objective to become more resilient as a company by empowering people in their supply chains to build more resilient local communities. The program's focus is to empower women, producers and workers to improve their livelihoods, wellbeing and environment.

The idea of 'empowering' rather than 'helping' is key to the company. It's a subtle shift because they have already helped around 75,000 people since 2012 through some of their existing community programmes. But according to the company: "Incremental progress can't take us much further - we need to spark transformative change and the best and only way to do this is to 'empower' people in our supply chains to improve their businesses and lives in profound and lasting ways. This is about changing mind-sets and giving people the tools to address key challenges for their businesses, their community and their lives. Many of our programmes have demonstrated that training on issues such as nutrition, financial management, sanitation, childcare, education, employability and community leadership skills gives people more control over their lives and consequently they are more motivated and efficient at work. This transformation indirectly empowers their employers (our suppliers), who benefit from having a more reliable, productive and resilient workforce - a vital competitive edge. It's also about supporting raw material suppliers to adopt more sustainable farming, fishing, water stewardship and ecosystem services practices: to support economic development and secure supply for today and the future."

The company also set and is pursuing targets to improve youth employment in the UK. Their external target is to engage 100 suppliers by 2016 to share best practice and support them to open up vocational training and work placement opportunities for unemployed young people. 90 suppliers have signed up so far. Their internal target is to offer training and work experience to 5,000 young unemployed people by 2016 with the intent that half would find work within three months of their placement. 1,450 were offered places in the first year of the company's commitment, with an 80% success rate.

Source and Source



P&G sets solutions oriented goal to save lives

P&G, a US-based global consumer goods company, has set a solutions oriented goal to save one life every hour in the developing world by delivering more than 2 billion litres of clean drinking water every year by 2020. This goal will help save an estimated 10,000 lives and prevent 80 million days of diarrheal illness on an annual basis.

Almost one billion people in the developing world do not have access to clean drinking water, resulting in thousands of children dying every day. In 2014, P&G launched the company's global signature program called the P&G Children's Safe Drinking Water Program (CSDW) to help this vulnerable population. People in the developing world receive P&G water packets that have a water purifying technology developed by P&G and the U.S. Centers for Disease Control and Prevention. The packets turn potentially deadly water into clean drinkable water. P&G provides both the technical expertise and financial support for this project, in addition to human resources, manufacturing facilities, research and advocacy.

Since the program began more than 6 billion litres of purified drinking water in more than 70 countries have prevented an estimated 250 million days of diarrheal illness and helped save more than 33,000 lives. Through this initiative, CSDW works with over 120 partners to provide water purification packets.

The company hosts a program website describing the clean drinking water crisis, its impact to date, news and measures for the public to contribute through donations, fundraisers and other initiatives.

The goal to save one life every hour by 2020 is one of the company's two social goals. Their 2013 report indicates they are on track to meet their goal.

Source

HOW TO DO IT?

The following are some steps you can pursue to become a solutions oriented company: to find business opportunities and adopt business models and strategies that address systemic social, economic and environmental problems, and scale these solutions with customers and suppliers.

Step 1: Identify Societal Issues

Conduct research to identify and prioritize social or environmental issues that intersect with business opportunities that reduce risks, save costs or increase revenues. This requires a systematic screening of social and environmental issues and an analysis of how they overlap with present or future business risks and opportunities. The [UN Sustainable Development Goals](#) are an essential resource for this step.

Consider the macro social and environmental trends and systemic challenges which will have the biggest implications for the future of your business, suppliers, customers and markets. Document how your products and services up- and downstream of your business operations affect the environment, people, communities and society to identify vulnerable or opportunistic leverage points for social change. Determine top stakeholder concerns, challenges and expectations. Compile this into a list of relevant social or environmental issues that your strategy might target.

Tip: You have a number of options for focusing this effort. You could take a company-wide approach or pursue solutions at a brand, product, process, project, country, facility, customer segment, business unit or department level. Narrowing your initial focus can help build internal buy-in and experience to scale up in future years as you build your capacity and achieve results in this new business approach.



Step 2: Prioritize Business Opportunities

Using information generated from the first step, conduct a deep dive into your company's business plan to identify win-win opportunities. Catalogue your organization's assets, competencies, and resources, which you can pivot to address the societal or environmental issues you identified in Step 1. The most effective innovations will emerge out of the unique context, plans, structure, culture, and assets of your business.

Business Assets to Leverage

<input checked="" type="checkbox"/> Products & services	<input checked="" type="checkbox"/> Customers
<input checked="" type="checkbox"/> Physical assets	<input checked="" type="checkbox"/> Vendors & supply chain
<input checked="" type="checkbox"/> Logistics infrastructure	<input checked="" type="checkbox"/> Relationships
<input checked="" type="checkbox"/> Distribution network	<input checked="" type="checkbox"/> Management expertise
<input checked="" type="checkbox"/> Intellectual property	<input checked="" type="checkbox"/> Operational & technical skills
<input checked="" type="checkbox"/> Research & consumer insights	<input checked="" type="checkbox"/> International reach
<input checked="" type="checkbox"/> Stores	<input checked="" type="checkbox"/> Brand & convening power
<input checked="" type="checkbox"/> Hiring process	<input checked="" type="checkbox"/> Marketing channels
<input checked="" type="checkbox"/> Employees	<input checked="" type="checkbox"/> Communication capacity

From your initial list of important social or environmental issues relevant to your business, ask: what strengths does your business have to address them, what opportunities are there to apply these strengths in new or innovative ways, who might be some key partners to capitalize on these opportunities? Look beyond your business boundaries for some of these answers, including your upstream suppliers and your customer base.

Three business strategies to create shared value

The following are three strategies companies can pursue to address social problems through market-based solutions:

1. Reconceiving products and markets – Define markets in terms of unmet needs or social issues and develop profitable products or services that remedy these conditions.
2. Redefining productivity in the value chain – Increase the productivity of the company or its suppliers by addressing the social and environmental constraints in its value chain.
3. Local cluster development – Strengthen the competitive context in key regions where the company operates in ways that contribute to the company's growth and productivity.

From the Shared Value Initiative.

Identify areas of overlap between your business and social issues to finalize a list of priority social issues that your company is well positioned to tackle and that can be addressed and scaled through your business model. Following this you will need to plan the relevant business activities involved, model anticipated business and social benefits relative to projected costs and develop a solid business case.

Step 3: Implement and Measure Solutions

Using the business plan developed in Step 2 implement the solutions and track progress, including social and financial performance relative to projections. By assessing social and financial performance, lessons and insights can be generated to refine the strategy and unlock further value creation opportunities.

Step 4: Scale and Accelerate Social Progress

Companies that have successfully designed and implemented social value strategies may wish to take their investments to the next level and fully embed their social purpose throughout their business model. Here is a strategic planning tool for this purpose. By determining what your company stands for, building it into everything it does, and enabling employees, customers and suppliers to participate,



your positive impact can multiply exponentially. Link to [Corporate Social Purpose Continuum Tool for Business](#).

Corporate Social Purpose Continuum – a Transformational Tool for Business

Motivation | Activity | Strategy | Resources
Investment Models | Issue Selection | Lead | Employee Role
Customer Role | Brand Promise | Marketing | Participation
Timeline | Measurement | Business Value

WHO IS DOING IT?

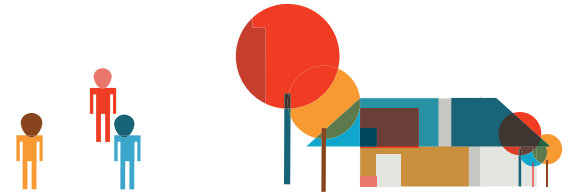
Kellogg's, the maker of breakfast cereals, is tackling child hunger. [More details here](#).

Coca Cola is pursuing initiatives to tackle obesity. See this [link](#) for more.

WHERE CAN I GO FOR MORE INFORMATION?

- Business Guide to Social Value Creation, Strandberg Consulting
<http://corostrandberg.com/wp-content/uploads/2014/09/business-guide-to-social-value-creation-2014.pdf>
- Shared Value Initiative
<http://sharedvalue.org/about-shared-value>
- Measuring Shared Value: How to Unlock Value by Linking Social and Business Results, Michael E. Porter, Greg Hills, Marc Pfitzer, Sonja Patscheke, and Elizabeth Hawkins
http://sharedvalue.org/sites/default/files/resource-files/Measuring_Shared_Value.pdf
- SDG Compass: The Guide for Business Action on the SDGs, GRI, UN Global Compact, World Business Council for Sustainable Development
<http://sdgcompass.org/download-guide/>
- Fortune's list of 51 "Change the World" companies that have made a sizable impact on major global social or environmental problems as part of their competitive strategy
<http://fortune.com/change-the-world/>
- Conference Board of Canada webinar on developing a social sustainability strategy profiling Vancity Credit Union's approach ([link](#)). Contact publications@conferenceboard.ca and quote CCSR to see if you qualify for free or discounted access.





Transformational companies generate net positive benefits for society, the environment, the company and shareholders, advancing local and global resilience.

WHAT IS IT?

Global mega-forces are changing the operating context in which business can succeed and thrive. In spite of decades of corporate efforts to improve their social and environmental performance, climate change, biodiversity depletion and income inequality continue to move in the wrong direction. To address these issues, some businesses are investing in strategies that go beyond doing less harm to creating net positive benefits for society and the environment - to become “a force for good”. They set and pursue ambitious long-term goals that exceed ‘zero’ impacts and instead target ‘net-positive’ impacts. In the broadest sense, net positive means putting more back into the environment or society than a company takes out, with a resulting positive corporate footprint. It involves combining the company’s handprint (positive impact) with its footprint (negative impact) in ways that its net impact is positive and beneficial. It shifts the focus from protecting the environment to an emphasis on regeneration and replenishment of the planet’s resources. It includes but goes beyond reducing social harms to investing in people and the health of communities. These companies look for ways to nurture rather than consume planetary and social resources.

Often the first step along the road to sustainability is for companies to learn to grow without increasing their negative impacts. Businesses pursuing this strategy are called “decouplers” as they decouple their impacts from their growth. The second step is to leave no damage at all behind them. These businesses are called “[zeronauts](#)”. The third step is for business not only to do no harm, but to actively do good. These businesses leave the planet and society in better shape than they found it – net positive business.

The road to sustainability

From less harmful, to benign or net neutral, to beneficial and replenishing.

By adopting a restorative or net positive approach, companies demonstrate leadership and commitment to enhancing natural and social capital. They build net positive design thinking into business model, product and service innovation. This involves taking a systemic view and looking far into the future to open up space for innovation. It requires collaboration and partnership, even with competitors.

BT adopts Net Good goal

At BT our Net Good goal is to help customers reduce carbon emissions by at least three times the end-to-end carbon impact of our business. We are building on the investments we have made in reducing our own energy consumption and are turning what we have learned into business opportunities for our customers.

Niall Dunne, BT

[Source](#)



WHY IS IT IMPORTANT?

Natural capital is being eroded at a rate faster than the planet can replenish and the rich-poor gap continues to grow. The current response to these and other social and environmental challenges is inadequate. By rebuilding social and environmental capital, business can help drive a restorative economy and become an overall force for good. Adopting a goal which demands radical change will foster a culture of experimentation and innovation internally. Taking a systemic view that looks into the future inspires innovation and sheds light on investments and products not fit for the future. Acting on these opportunities will create sustained social and shareholder value for the firm.

In addition to these competitive advantage benefits, becoming a restorative net positive business can drive bottom line returns such as:

- Help manage resource scarcity and price volatility
- Enhance social license to grow
- Positively improve the operating context of the business
- Open up new relationships with policymakers, customers, suppliers and non-profits
- Increase employee attraction, retention and engagement
- Unlock the ingenuity of staff to try new things

HOW TO DO IT?

Becoming restorative requires a big shift in approach and outcomes, and cannot be achieved by business-as-usual strategies. [Research](#) into net positive business models reveals that it involves a long-term vision and business transformation for it to become reality. For one business (Interface) it meant going beyond the boundaries of their business and using their influence on their customers and the supply chain to help them to reduce their impacts. For others (Kingfisher and O2 in the UK) it involves selling products that help their customers use less energy and live more sustainable lives. There is no common approach to developing restorative strategies. Some companies going this route review their entire business from supplier to customer and work to make their positive impacts outweigh their negative impacts along the chain, while others tackle their biggest direct impacts and aim to make a positive difference in the areas which matter most to their business.

Research and Innovate: To start, do some structured thinking about what your business will be like in 20 years' time. Determine the big risks and opportunities sustainability trends create for your business and how it could respond. Engage people outside your business for their views, including suppliers, customers, competitors, governments, experts and thought leaders. Determine which of the top sustainability issues you could improve through your business model and value chain. Get employee views on three or four big issues where they think the company can have the most impact. Look for areas where the two intersect – where global and regional issues meet the opportunities and capabilities of the business.

Social Innovation Questions could include:

- How do I create habitat?
- What kind of soap does the river want?
- What will work in the future?



- What kind of world do we intend?
- How can our products and services help to create and sustain it, so that future generations are enriched by what we make?

Source

Test and Scale: Set net positive ambitions for product lines, customer segments or regions and challenge business leaders to find ways to advance net positive ideas within their departments. To turn theory into reality, conduct small-scale experiments to see how your business model or approach could be reconfigured. Test, retest and reshape your experiments as necessary and then scale the successful solutions, rolling them out across the whole company. Put net positive thinking in the hands of your customers and suppliers and jointly create demand and supply driven solutions together. To avoid greenwashing and truly generate net positive results, your company will need to address its most material impacts and ultimately take a net positive approach to the whole organization.

Leader Views on Becoming Net Positive

“Net positive simply means putting more back into the environment or society than you take out,” says Forum for the Future’s chief executive, Sally Uren.

Solitaire Townsend, co-founder of Futerra, explains that the ultimate benchmark for net positive strategies are planetary boundaries (the boundaries within which humanity can continue to develop and thrive) and that goals and targets should always be developed within that framework.

Uren adds: “If your biggest impacts are societal, than that’s where you should focus. However, the principles that we have developed tell us that there should be no irreplaceable natural losses. A big positive societal impact then isn’t justified at the expense of a large negative environmental one.”

“[Net positive] aims to restore or regenerate ecological systems”, explains Steve Downing, director of the Henley Centre for Sustainable Enterprise. This is different from eco-efficiency, which simply slows down the decline in ecological capital, and closed-loop systems, which only prevent further ecological decline.

Genuinely becoming net positive requires companies to focus on their main areas of impact. Dax Lovegrove, director of sustainability and innovation at home improvement retailer Kingfisher, says the company’s main impact is forests, so it aims to create more forest than it uses. Its plan to become net positive includes sourcing timber responsibly, working with key suppliers and engaging governments in improving EU timber regulations.

Source

Becoming restorative and net positive will generate a number of technical and philosophical issues to be addressed including: what impacts to address, what should be included in the company’s footprint, how much trade-off should be allowed between positive impacts in one sphere and negative impacts in another, and how positive and negative impacts should be measured and compared. This [research](#) into net positive business models outlines a number of “principles” to help address these choices. One top principle is that “no aspect of a net positive approach compensates for unacceptable or irreplaceable natural losses or ill treatment of individuals and communities” ([link](#)). See also “Dell’s Journey to Measure its 2020 Legacy of Good Goal” below for further insights into measurement complexities and how they are addressing them.

Dell's Journey to Measure its 2020 Legacy of Good Goal

By 2020, the good that will come from our technology will be 10x what it takes to create and use it (10X20 goal).

From the beginning, we recognized there was some ambiguity in how we would measure the good that comes from our technology. But Dell history shows setting long-term goals like this drives innovation.

The basic math of our goal looks like a fraction: On the bottom, or denominator, is our footprint—the “create and use” part of the equation. The science of measuring this type of full impact is evolving. If we look at our footprint exclusively in terms of greenhouse gas (GHG) emissions, we have a pretty good handle today on how to measure this. Of course, greenhouse gas emissions may not be the only item we measure. We are still investigating what other environmental and social factors we may or should consider.

On the top of our goal's fraction (the numerator) is the “good”— the social and environmental benefits our technologies can enable. One of the biggest challenges is understanding what units of measurement to use. Here, the science of measuring footprints offers some guidance.

Through 2014, our measurement-related efforts centred on identifying possibilities, understanding better what should comprise the “good” side of the equation, and investigating the way others have tried to measure as part of similar net positive goals. We studied an industry program on the benefits of IT and BT's net good program for insights (see other text box for reference to BT's net good goal).

We began looking for partners from the moment we envisioned this goal, as we cannot accomplish it alone. One of the first things we did in 2014 was to help Business for Social Responsibility (a global non-profit dedicated to working with business to create a just and sustainable world) establish the Center for Technology and Sustainability (CTS). This new centre will help us engage with our peers on issues related to technology's role in driving sustainability. In particular, we will work with the centre to study various technology solutions across their value chains, model the solutions' footprint and benefits, and then develop case studies.

In 2015 some of our methodologies for measuring the technological benefits of Dell solutions should start to take shape. By working with the CTS and other partners, we expect to be able to identify a core list of solutions with which we can pilot and test these methodologies. The pilot subjects should be part of a larger set of solutions (Dell-developed, co-developed with customers/partners, and customer-driven solutions) that we can identify as the core categories for measurement of our numerator. With this in place, we will be in a stronger position to start looking at how to measure solutions' social benefits. In parallel, we will continue our work to identify and catalogue our own footprint (the denominator). While we may not be in a position to identify a number at the end of 2015, we should be well on our way to entering the measurement phase of this goal.

Source

WHO IS DOING IT?

In 2009 **Coca-Cola Enterprises** adopted a recycling commitment to “recycle more packaging than we use” by 2020. They are working to promote recycling in the industry, ensuring their packaging is recyclable, investing in recycling infrastructure and using their brands to inspire and encourage consumers to recycle more. This strategy has three pillars: 1) consumer behaviour and disposal:



they are collaborating with customers, consumers, suppliers, local authorities and communities to use their assets and brand marketing to influence consumer behaviour and inspire people to recycle more; 2) collecting and sorting: they are working to improve collection programs in countries with the lowest national recovery rates; and 3) re-use and reprocessing: they are investing in recycling and reprocessing infrastructure for packaging waste. [Source](#)

For **Kingfisher**, net positive means not just preventing deforestation but working towards net reforestation. It includes helping create homes that go beyond zero carbon to become generators of their own energy and working in communities to equip people with the fundamental practical skills of making and mending. Click [here](#) for more on Kingfisher, a global leader in net positive business strategy.

Marks and Spencer is researching the social benefits of their stores, and by 2016 plan to complete a study into the health, well-being and commercial benefits of sustainable retail buildings, warehouses and offices. They will then apply the lessons learned to existing and new buildings where possible. [Source](#).

IKEA plans to become forest positive by 2020, despite the company's continuing high demand for timber. They intend their business to have an overall positive effect on the world's forests by growing as many trees as they use to make products within this timeframe. [Source](#).

Here is a [link](#) to a case study on BT's approach.

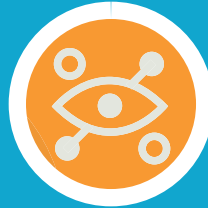
WHERE CAN I GO FOR MORE INFORMATION?

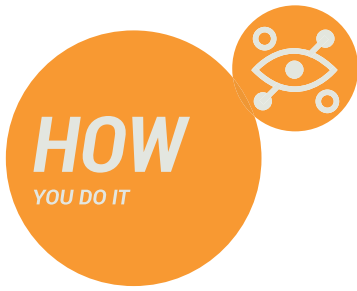
- Net Positive Mindsets, BT
http://betterfutureforum.bt.com/res/BFF_NetPositive.pdf
- Net Positive, A New Way of Doing Business, WWF, Forum for the Future, The Climate Group
<http://www.btplc.com/Betterfuture/NetGood/OurNetGoodgoal/NetPositive.pdf>
- The Net Positive Strategy: Where Environmental Stewardship Meets Business Innovation, MIT
<http://sloanreview.mit.edu/article/the-net-positive-strategy-where-environmental-stewardship-meets-business-innovation/>
- Forum for the Future: Net Positive Group: This is a network of businesses working together to define net positive methodologies, identify opportunities and address challenges.
<http://www.forumforthefuture.org/project/net-positive-group/overview>
- Seven Step Guide to Becoming Net Positive, Guardian Sustainable Business
<http://www.theguardian.com/sustainable-business/2015/jun/29/a-seven-step-guide-to-net-positive>



HOW

YOU DO IT





5: LONG TERM VISION



Transformational companies commit to an ambitious long-term multi-generational sustainability vision that includes bold goals and a precautionary approach that takes into account the needs of present and future generations, as well as the natural and social systems on which they rely.

WHAT IS IT?

Leading companies adopt long-term often multi-generational, ambitious, overarching and aspirational quests to guide their sustainability and corporate investments. Their visions go beyond their organizational boundaries, the foreseeable future and known solutions to describe an end state, usually written in the present tense, which shows how their products, services and value chains contribute to a future sustainable society. They adopt an [“outside in”](#) approach to business goals by setting targets based on scientific and external data, and the needs of society that their business can address.

To move toward their visions, companies adopt medium and long-term stretch targets that require a response beyond business as usual. They also have short-term targets to operationalize how they will realize their vision.

Frontier companies adopt what is sometimes called context-based or science-based goals, which address corporate performance against the carrying capacity of real-world social and natural resources. They understand and set targets that ensure they do not exceed environmental and social boundaries, thresholds, norms and limits. In 2015 the UN’s 193 member companies adopted the [Sustainable Development Goals](#). They represent an unprecedented international consensus on what level of progress is desired at the global level. Breakthrough companies will now be setting their level of ambition based on the aspirations of these Global Goals and defining what is “reasonable share” for their company, based on their industry, geographical location and size.

Leaders also commit to a precautionary approach, an internationally recognized concept that stipulates when the effects of a product or action are unknown then precautions should be taken especially when there is the possibility of irreversible damage. This principle informs their sustainability vision and investments, as does an understanding of how the company relies on, improves, destroys or changes human, social or natural capital in how it conducts its business. These sensitivities, which inform the company’s vision and strategy, put the company on a course to realize a sustainable future for itself and society.



WHY IS IT IMPORTANT?

To navigate the complex and changing sustainability terrain companies need a north star to guide their progress. Having a compelling beacon or quest which is operationalized through meaningful, bold and measurable goals will signal to stakeholders the company's commitments and aspirations. At a minimum, this approach will:

- Mobilize employees
- Foster innovation and identify future business opportunities
- Strengthen the company's social license to operate and grow
- Maintain access to scarce resources

By declaring their aspirations and goals, business leaders and the workforce can orchestrate the resources, know-how and capital to put the firm on a sustainable path.

HOW TO DO IT?

There are innumerable approaches to the development of an aspirational multi-generational sustainability vision and stretch goals. Here are some possible steps you can consider:

1. Educate internal and external stakeholders on sustainability mega-forces that will affect the competitiveness and viability of your company, industry and value chain.
2. Considering the life cycle of your product from source to supply and use, prioritize top issues of concern to your stakeholders which will significantly impact your business or which your business can significantly influence. In addition to consulting stakeholders this is a good time to research the way in which your company affects natural, social or human capital in the conduct of its business. Methodology is available to guide you through a process of understanding the impact you are having relative to the capacity of the capitals on which you rely, the impact others are having on them and who may be relying on them for their own well-being, and those who may be co-responsible for producing, maintaining or enhancing those capitals. See the resource section for more information.
3. Hold a visionary session that considers these top issues and the role that your business can play to harness or improve them. Here are three corporate videos you can use to inspire your leadership team:
 - BT Net Good
www.youtube.com/watch?v=YaRSpfEiE_8
 - L'Oréal Sharing Beauty with All
www.loreal.com/sharing-beauty-with-all/our-vision/our-sustainability-challenge.aspx
 - Domtar Not Just a Fibre Company
www.youtube.com/watch?v=SOKgDL7Wxyl&feature=youtu.be

Ask what is your company striving for, what big difference are you trying to make, what do you want to be known for, how is this tied to your core business? Then consider what difference your company wants to make, what big positive impact it wants to have and be known for, what could be its identity or story? How can the company make a bigger difference to some of the



world's major social, environmental and economic issues if it leverages its scale, relationships, influence and resources? Where can the company deepen its efforts to make a transformational difference in areas that matter most to the business? How can your company contribute to the [Global Sustainable Development Goals](#)?

Use this information to draft a compelling vision.

4. Review every product category and business function to identify actions that can help achieve the vision faster and remove barriers to progress. Determine how the company's brands, innovation, sourcing, operations and customer relationships can help advance its vision, where it can create transformational change to whole systems, rather than incremental improvements.

Unilever did this and prioritized 1) working to eliminate deforestation from its supply chains; 2) championing sustainable agriculture and the development of smallholder farmers; and 3) improving hygiene through hand washing, safe drinking water and sanitation. Going beyond what they can achieve in their own operations and with their suppliers, they set bold goals to shape their engagement with governments, the non-profit sector and others in their industry on these issues. They have also established a goal for their top brands to develop social purpose strategies.

5. Information from this review and earlier steps in this exercise will help you and your leaders determine ambitious and stretching targets to move the company towards its vision. Taking your sustainability operating context into account will help you to set reality-based goals that reflect the viability and availability of the natural and social systems and resources on which you rely. Consider making the time horizon far enough out to set goals that create the possibility for a major turning point in the business or its industry to create a future significantly different from today's reality. Make sure you have short and medium term goals or milestones to keep accountability on your long-term ambitions.

WHO IS DOING IT?

Kingfisher, a leading European home improvement retailer based in the UK, has a long-term vision to “transform the way we operate to become net positive by 2050.” Their initial focus is on four pillars, aligned with four of the company's biggest impacts:

Priority area	2050 target
Timber	Create more forests than used
Energy	Every Kingfisher store and every customer's home is zero carbon or generates more energy than it consumes
Innovation	Every Kingfisher product will enable a more sustainable and ultimately net positive lifestyle
Communities	Every Kingfisher store and location supports projects which build local communities or equip people with skills

These four goals are supported by 50 “foundation” targets which cover the whole business – the four pillars plus three further areas – employees, environment, suppliers and partners.



Click [here](#) for an example of another company which has adopted a long-term sustainability vision and ambitious goals.

WHERE CAN I GO FOR MORE INFORMATION?

- Next Generation Sustainability Targets: Toward Big, Context-Based Goals, Sustainable Brands
<http://e.sustainablebrands.com/resources-ebook-next-generation-sustainability-targets.html>
- Context-Based Sustainability
<http://www.sustainableorganizations.org/context-based-sustainability.html>
- MultiCapital Scorecard
<http://www.multicapitalscorecard.com/>
- Science- vs. Context-Based Metrics – What’s the Difference?
http://www.sustainablebrands.com/news_and_views/new_metrics/mark_mcelroy/science_vs_context-based_metrics_%E2%80%93_what%E2%80%99s_difference?utm_source=newsletter&utm_medium=businessweekly&utm_campaign=may25&mkt
- SDG Compass: The Guide for Business Action on the SDGs, GRI, UN Global Compact, World Business Council for Sustainable Development
<http://sdgcompass.org/download-guide/>
- Science Based Targets, a joint initiative by CDP, the UN Global Compact, the World Resources Institute, and WWF, helping companies set targets consistent with the level of decarbonization required by science to limit global warming to less than 2°C compared to pre-industrial temperatures.
<http://sciencebasedtargets.org/>
- Future-Fit Benchmark, co-founded by The Natural Step and the Future-Fit Foundation, offers a set of performance criteria that describe a company that is fit for the future: one that will flourish while adding to the wellbeing of society as a whole.
<http://futurefitbusiness.org/>
- Action 2020, World Business Council for Sustainable Development, defines “Society Must-Haves” and priority areas for business action by 2020.
<http://action2020.org/>
- Pivot Goals, by Winston Eco-Strategies, allows users to browse goals and targets set by Global 500 companies.
<http://pivotgoals.com/>
- Beyond the Company: The Future of Sustainability Goals, SustainAbility
<http://www.sustainability.com/library/radar-issue-08#.ViMKnn6rSUK>



HOW

YOU DO IT



Transformational Company Quality

6: SUSTAINABILITY GOVERNANCE AND CULTURE



Transformational companies embed sustainability into governance, business processes, operations, functions, investments, culture and competencies; incentivize sustainable decisions and enable sustainable innovation.

WHAT IS IT?

To accelerate the shift to a sustainable society and reap the business benefits of doing so, transformational companies fully rewire their operating systems so that sustainability is considered in everything they do. They recognize their business models were developed before globalization and sustainability mega-forces were realities and are thus unfit for the future. Leading companies re-engineer their governance, management systems, risk frameworks, business processes, operations and functions to incorporate social, environmental and stakeholder considerations so that sustainability becomes “the way we do business”.

Given the majority of their workforce was raised and educated before sustainability was a business concern, these companies implement measures to build sustainability into their cultures, by updating their competency models, training and leadership development programs and performance management systems with sustainability components. Understanding the risks and opportunities created by sustainability trends, progressive businesses adopt strategies to encourage sustainable innovation throughout the enterprise, and along the value chain.

Some go so far as to re-charter their organizations to explicitly pursue social purpose aims. They go beyond give-back and compliance models, to embrace mutual benefit and reciprocal philosophies wherein they seek to generate social and environmental benefits for stakeholders along with economic benefits for shareholders. They adopt a broader definition of success based on stewardship values and community benefits not just shareholder values. In transformational companies the board, CEO and executive are the top sustainability champions and the CEO has the overall mandate for sustainability implementation.

Rather than being side-lined, sustainability is central to and inseparable from the corporate strategy and goes from being a goodwill, reputation-building effort to be the route to long-term value creation. In these companies, sustainability becomes a driver of financial success and resilience, innovation, and meaningful work, and thus an integral component of organizational culture.

WHY IS IT IMPORTANT?

Global sustainability mega-forces are changing the operating context of business. Employees,



investors, customers, governments and civil society are expecting business to go beyond regulatory compliance and token philanthropy to materially reduce their operational and value chain impacts and play a role in addressing social and environmental challenges. By taking a lead on these issues, transformational companies build resilient business models, capable of generating value for shareholders and stakeholders.

Businesses that holistically embed these values can generate these specific benefits:

- Increase revenues
- Increase employee productivity
- Reduce hiring and attrition expenses
- Reduce operational expenses
- Decrease strategic and operational risks
- Build brand and reputation
- Increase innovation

HOW TO DO IT?

Depending on where your company is on the transformational journey, you can pursue one or more of these strategies to embed sustainability into your governance and culture.

1. Sustainability Governance and Management Inventory

Using this checklist tool you can baseline the degree to which you have currently embedded sustainability into your governance and management systems and identify gaps to fill. ([Link to tool](#))

The checklist profiles these eleven governance and management practices areas where sustainability can be embedded (the tool uses the language of CSR):

Board Role: The Board of Directors provides oversight of corporate CSR strategy and performance

- Vision and Strategy: The board demonstrates its commitment to CSR and ensures it is incorporated into the organization's vision and strategy
- Oversight and Accountability: The board's governance structure enables it to oversee progress on the company's CSR performance
- Risk Management and Financial Performance: The board integrates CSR risks and opportunities into the management of enterprise risk and considers CSR impacts on financial performance
- Board Composition and Expertise: The board is equipped to provide oversight on material CSR issues
- External Disclosure: The board regularly discloses information about the organization's CSR performance

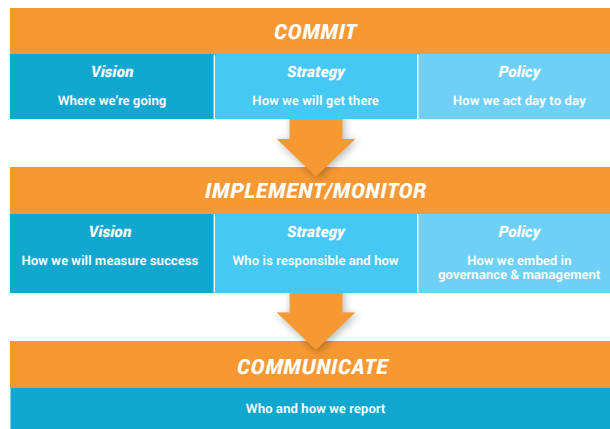
Management Role: Management implements and manages corporate CSR strategy and improves CSR performance

- Commitment and Strategy: CSR commitment is included in the organization's mission, vision, values and corporate strategy
- Execution: Organization has processes to integrate CSR into structures and procedures and to assign resources and accountability to implement and monitor progress
- Performance: CSR is incorporated into performance management systems
- Engagement: Organization has robust internal and external stakeholder engagement programs in place



- Monitoring and Reporting: Organization regularly monitors, reviews, reports and improves its performance

Sustainability Governance and Management Sequence



2. Sustainability Competency Development

To increase organizational resilience and build capacity for sustainability innovation leading companies embed sustainability competencies into their competency models – tools used to define the performance and behavioural expectations that contribute to business success and which inform the following HR strategies:

- Recruitment and selection
- Onboarding
- Training and development
- Career development planning
- Job descriptions
- Performance reviews
- Compensation
- Succession planning

This tool provides an overview of key sustainability competencies identified in the academic and practice literature. ([Link to tool](#)) You can use it to help you answer these questions for your organization:

- What sustainability qualities should you consider when recruiting leaders and building leadership teams?
- How should you develop sustainability talent in your organization?
- How equipped are your leaders for the future?
- Are you stretching and grooming your leaders effectively?



3. Social Purpose Embedment

Companies that seek greater social and business benefits than can be realized through CSR or sustainability embedment reinvent themselves as social purpose companies. They adopt and pursue an explicit social mission in everything they do and across all their relationships and touch-points and build platforms to engage external actors in their efforts. This way their positive impact multiples exponentially as the company operates and grows. Believing both they and society are better off if they do business with the company, customers become company brand ambassadors. Here is a social purpose strategy tool you can use to engage business leaders in this discussion: [Link](#).

Seeking to differentiate themselves in the market, some social mission companies pursue third party validation of their sustainability commitments, which is available through B Corporation certification. B Corporation stands for “benefit corporation” – a type of company which commits to using its power in the marketplace to solve social and environmental problems.

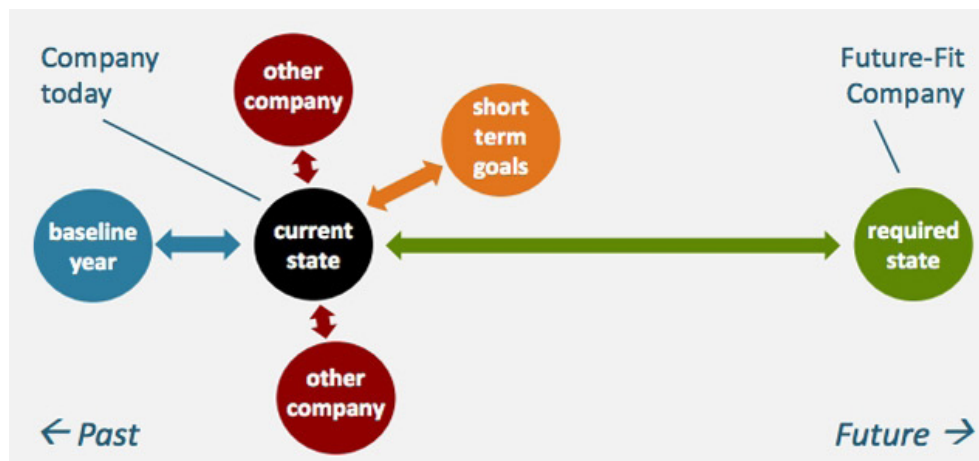
To become “B Corp” certified, companies undertake an assessment of their social and environmental practices and amend their governing documents to stipulate that sustainability and stakeholders are required considerations in corporate decision-making. In addition to marketing benefits this ensures the social mission of the business is protected through growth and ownership changes. Over 1,000 companies around the world have received B Corp Certification, of which 10% are headquartered in Canada. www.bcorporation.net



4. Future Fit Benchmark

There is a global effort underway to develop the essential criteria by which a company can be considered fully sustainable. Called the “Future Fit Benchmark”, this tool was designed to equip business leaders and investors with the means to quantify how their actions are contributing to a flourishing future. It covers 28 future-fit goals spanning 9 areas and can be found at this link: www.futurefitbusiness.org.

Benchmark tool sets the criteria for becoming a future fit company



AT A GLANCE INTEGRATION OPPORTUNITIES

These are the key leverage points to embed sustainability into the company business model ([source: Strandberg Consulting](#)):



SUSTAINABILITY INTEGRATION ROADMAP TOOL

Use this tool to prioritize the degree, nature and focus of sustainability integration at your company ([source: Strandberg Consulting](#)):

Sustainability Integration Continuum				
Integration Level	1.0 Operational	2.0 Strategic	3.0 Integrated	4.0 Social Purpose
Focus of integration	Operations	Corporate strategy	Governance and management	Core purpose and business model
Philosophy	"Sustainability saves money and improves compliance"	"Sustainability helps us achieve our corporate priorities"	"Sustainability is a factor in how we govern and manage the company and conduct business day-to-day"	"Our vision of being a sustainable company determines our corporate priorities"
Relationship to strategy	Side-lined	Component of corporate strategy	Component of all business plans	Central to / inseparable from corporate strategy
Leadership	Sustainability Manager	Chief Sustainability Officer	Executive Committee	CEO
Marketing	Paid advertising tells the story	Earned media / cause marketing tells story	Customers tell story	Everything you do tells story
Timeline	< 1 year	Multi-year	Medium term	Long term
Business value	Good will and cost savings	Reputation and revenue growth	Profitability and risk management	Long-term viability and value creation



WHO IS DOING IT?

Mills Office Productivity is a B.C.-based, family-owned and -operated supplier of stationery, technology products, furniture, facilities, printing services and education products with 118 employees. It has had a long-standing tradition of supporting its local community, formalized in 2014 when the company's board of directors amended the articles of incorporation to specify that:

- The directors shall, acting fairly and responsibly, consider the short-term and the long-term interests of the corporation, including, but not limited to, the corporation's shareholders, employees, suppliers, creditors and consumers, as well as the government and the environment (the "Stakeholders"), and the community and society in which the corporation operates, to inform their decisions.
- In discharging his or her duties, and in determining what is in the best interests of the corporation, each director may consider all of the Stakeholders (defined above) and shall not be required to regard the interests of any particular Stakeholder as determinative.

This solidifies the company's standing as a B Corporation, a status they first earned in 2012.

Here are profiles of two large companies demonstrating the "Sustainability Governance and Culture" Quality:

[Teck Resources](#) and [Nike](#)

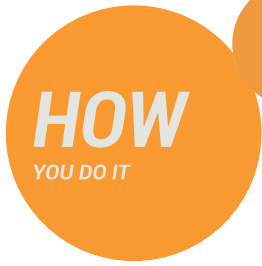
WHERE CAN I GO FOR MORE INFORMATION?

- Sustainability Talent Management: The New Business Imperative – Five Sustainability Leadership Competencies for Your Competency Model, Strandberg Consulting
<http://corostrandberg.com/publication/sustainability-talent-management-the-new-business-imperative/>
- The Role of the Board of Directors in Corporate Social Responsibility, Conference Board of Canada
<http://corostrandberg.com/publication/csr-sustainability-governance-and-management-assessment/>
- CSR/Sustainability Governance and Management Assessment Checklist, Strandberg Consulting
<http://corostrandberg.com/publication/csr-sustainability-governance-and-management-assessment/>
- Sustainability Roadmap, Ceres
<http://www.ceres.org/resources/reports/the-road-to-2020-corporate-progress-on-the-ceres-roadmap-for-sustainability/view>
- Board Oversight of Sustainability Issues, A Study of the S&P 500, IRRIC Institute
http://irricinstitute.org/pdf/final_2014_si2_irrici_report_on_board_oversight_of_sustainability_issues_public.pdf



- Sustainable Pay: How TSX60 Companies Compensate Executives for Sustainability Performance, Strandberg Consulting
<http://corostrandberg.com/wp-content/uploads/2013/03/executive-sustainability-compensation-report.pdf>
- Recruiting CSR-Competent Leaders: Six Criteria for CEO Succession Planning and Recruitment, Strandberg Consulting
<http://corostrandberg.com/wp-content/uploads/2015/01/ceo-csr-criteria-in-recruitment-and-succession-planning.pdf>
- The New Sustainability Advantage: Seven Business Case Benefits of a Triple Bottom Line, Bob Willard
<http://sustainabilityadvantage.com/products/newsusadv.html>
- Conference Board of Canada webinar on the sustainability oversight role of the board of directors ([link](#)). Contact publications@conferenceboard.ca and quote CCSR to see if you qualify for free or discounted access





Transformational Company Quality

7: ENLIGHTENED LEADERSHIP



Transformational companies have committed, values-based executive leaders who position the business for short and long-term success by driving the company to adapt to – and influence – structural social, economic and environmental trends, and who foster organizational capacity for change and innovation to create sustainable business models and solutions for the future.

WHAT IS IT?

Companies and their leaders face conditions of unprecedented complexity and rapid changes in the marketplace, exacerbated by the sustainability mega-forces of climate change, food and natural resource scarcity and rising income inequality and unemployment. There is increasing pressure for companies to help address these issues, and a growing awareness on the part of some business leaders on the imperative and opportunity to play a role.

Equally the public has a persistently low trust in CEOs and company leadership, with a modest one-third of Canadians believing CEOs to be credible (in comparison to three-quarters having trust in academics and experts) ([source](#)). This trust gap reveals a discontent with current business leadership which can present a barrier to corporate success.

While many business leaders operate in closed circles and focus on narrow, short-term competitive interests, a new generation of committed leaders who believe in a different role for business is emerging. They develop new business models that will transform our economies in the long-run and become catalysts and public advocates for the new business paradigm and progressive public policy to enable this transition.

Future fit business executives lead the development of, and communicate, a compelling future (vision) for the business – one that reflects the organization's social responsibilities, creates value for society, recognizes the varying aspirations and expectations of stakeholders and seeks out the business opportunities that sustainability offers.

Research shows that CSR and sustainability competent CEOs and executives – enlightened business leaders – are values-based leaders whose personal values align with and infuse their organization's values. They lead by example and are purpose-driven, setting a vision and a tone to galvanize their organization to innovate towards a sustainable future for the firm and society. They are externally aware, cognizant of the complex sustainability issues that affect the business environment. These leaders factor in global social and environmental trends in their business planning and lead for the long-run, reinventing market incentives, fostering collaboration, driving full transparency and redefining reward systems to enable the sustainability transition. They recognize that business must be an integral part of the solution to local and global social and environmental challenges and personally collaborate with other business leaders on issues like poverty, natural resource use, unemployment and education, contributing positively and knowledgeably to the public debate on these issues.

Future-fit business executives lead the development of, and communicate, a compelling future



(vision) for the business – one that reflects the organization's social responsibilities, aspires to create value for society, recognizes the varying aspirations and expectations of stakeholders and seeks out the business opportunities that sustainability offers. They actively recruit and develop emerging leaders with a sustainability and values-based outlook, mentoring and developing future leaders who understand wider societal issues, their role and the role of business. Enlightened leaders create the conditions to encourage innovation, internal social entrepreneurship and new ways of thinking to emerge.

Notably, they do not accept society's current trajectory, but look for opportunities to intervene in key business systems to put society and their business on a positive course.

WHY IS IT IMPORTANT?

For Canadian and the wider society to thrive in the future will require considerable adjustments, so that 9 billion people can live well by 2050 up from 7 billion in 2015. Companies will have a lead role to play, working in collaboration with governments and civil society. If citizens do not trust companies to act in the interest of the collective good, the transition will be difficult for all.

Here are other benefits of committed values-based executive leadership:

- **Brand and reputation:** Trust in the person leading the company links to trust in the company itself. Actions taken by CEOs and other leadership shape trust in the companies they lead, and influence the behaviours and attitudes of stakeholders. Executives need to understand and model sustainability thinking, behaviours and competencies to build stakeholder confidence in the company's commitments. Those with strong sustainability values, alignment and capacity are less likely to put their organizations and society at risk.
- **Talent enhancement:** Visionary and values-based leaders are more likely to attract, engage and retain top talent. With labour shortages and the ongoing war for talent, companies headed by enlightened CEOs will be able to attract – and keep – the best and the brightest.
- **Tone at the top:** CEOs and executives set the tone at the top. Their vision structures the cognitive world of employees, creating a logic that brings about changes in ideas, values and behaviours – necessary to reinvent the company and its value chains for future social and business prosperity. This signalling is critical to foster the organization's transition to a sustainable business model.
- **Competitive advantage:** Businesses whose leaders create conditions for sustainable innovation are likelier to succeed and thrive over the long-term. Companies will need to be more resilient in a volatile, uncertain, complex and ambiguous world. Leaders with a sustainability lens can help their firms manage and divert sustainability risks and create future value for their companies.

HOW TO DO IT?

To build the bench strength of the executive team, boards and executives can refresh their CEO succession and recruitment plans to include sustainability criteria, as summarized in this [report](#). These criteria can also be embedded in executive performance reviews and leadership development programs. Incentive systems may also need to be upgraded to ensure that the company's compensation program rewards sustainability performance. CEO and executive position profiles should be updated with these new criteria and support should be provided for leaders needing to



enhance their sustainability experience, knowledge, skills and insights, whether through coaching or experiential or professional learning. To cultivate future talent, organizations should invest in enhancing the sustainability competencies of their high potentials, as described in this [research](#) on the top sustainability competencies for business leaders.

CEOs and their direct reports can lead or join business and stakeholder networks to catalyze collective action to scale and accelerate system change. One Canadian example is the [Council for Clean Capitalism](#), a business leader network which seeks the integration of “clean capitalism” principles into broader economic and social policy. Its website states “Clean capitalism is an economic system whose prices fully incorporate social, economic and ecological benefits and costs, and whose actors know the impacts of their marketplace actions. By advocating for policy changes, the Council seeks to create an economic model in which what is good for business is good for the environment and society.” CEO members of the Council include Teck, TELUS, Vancity, The Co-operators, Mountain Equipment Co-op, and Catalyst Paper.

An international example is the [B Team](#), a global non-profit initiative co-founded by Sir Richard Branson (Virgin) and Jochen Zeitz (PUMA) that brings together international CEOs and business leaders to advance the well-being of people and the planet. Its website states “We think business has to think this way in order to thrive. The private sector can and must redefine both its responsibilities and its own terms of success; a Plan B for concerted, positive action that will ensure business becomes a driving force for social, environmental and economic benefit.”

These CEO networks are developing the roadmap for collective corporate action to help business redefine its role in society and foster sustainable development.

WHO IS DOING IT?

Paul Polman is the CEO of Unilever, the world’s second largest food producer by sales. Shortly after becoming CEO in 2009 he led the company to adopt a new corporate purpose: “to make sustainable living commonplace” and launch the Unilever Sustainable Living Plan to double the size of the business while reducing its environmental footprint and increasing its positive social impact. He is a strong advocate for business and government leadership in sustainability. Here are some of his remarks at a 2014 event hosted by the Center for Global Development, a Washington DC think tank:

- On the importance of sustainable development: “It is desperately needed that we build a new economic world order where we live within planetary boundaries.”
- On global inequality: “The top 1.2 billion people consume 75 percent of the world’s resources. That is a system that is not in equilibrium.”
- On the opportunity to have an impact: “In the next 15 years, we as a generation have the opportunity to be the people who eradicate poverty in a meaningful and sustainable way.”
- On the need for business to step up to deal with social and environmental issues: “If you don’t make a positive contribution, you will be rejected...I don’t understand why more CEOs don’t see this.” ([Source](#))

The company’s employee engagement scores have climbed 12% since Polman started as CEO. ([Source](#)) Unilever is now the third most sought-after employer in the world, following Google and Apple, according to LinkedIn. He was voted Sustainable Business Leader of the Year by the UK Guardian Sustainable Business readers in 2014.

Click [here](#) to read more about Paul Polman’s leadership efforts.



Frans van Houten, CEO of Philips, a consumer lifestyle, health care and lighting company, is equally taking a strong stand to transition his business to a sustainable model, and championing the transition to a sustainable future. He became the CEO of Philips in 2011 and under his leadership the company adopted a new corporate vision “to strive to make the world healthier and sustainable through innovation” and set a goal to improve the lives of 3 billion people a year by 2025. The company’s green product sales are now over 50% of all sales and he is one of the foremost global corporate leaders championing a circular economy model. [\(Source\)](#) Shortly after his arrival in the CEO’s office he created the EVP position of Chief Strategy and Innovation Officer who also chairs the company’s “sustainability board”, to reinforce his priorities and foster a culture of sustainable innovation in the company.

WHERE CAN I GO FOR MORE INFORMATION?

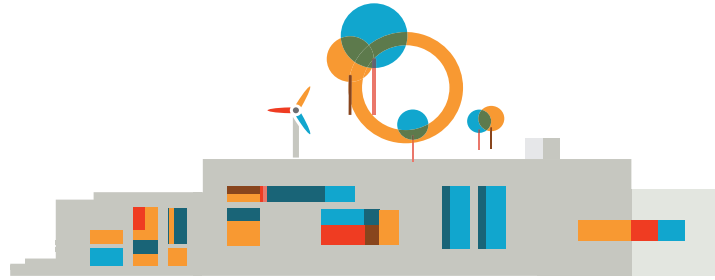
- Recruiting CSR Competent Leaders: Six Criteria for CEO Succession Planning and Recruitment, Strandberg Consulting
<http://corostrandberg.com/wp-content/uploads/2015/01/ceo-csr-criteria-in-recruitment-and-succession-planning.pdf>
- Sustainability Talent Management: Five Sustainability Leadership Competencies for Your Competency Model, Strandberg Consulting
<http://corostrandberg.com/publications/corporate-social-responsibility/sustainability-talent-management-the-new-business-imperative>
- The B Team, a CEO network promoting a vision of the future in which the purpose of business is to become a driving force for social, environmental and economic benefit.
www.bteam.org/planb
- The World’s Top 100 Compassionate Business Leaders
<http://www.wearesalt.org/revealed-the-worlds-top-100-compassionate-business-leaders/>





Transformational Company Quality

8: EMPLOYEE ENGAGEMENT



Transformational companies have diverse, equitable, thriving, participatory workforces where employees are champions of sustainability at work, at home and in the broader community.

WHAT IS IT?

Employee engagement is a top driver of company performance. Companies that invest in healthy and purposeful workplaces generate benefits for employees, their families, society more generally – and their bottom lines. Leading companies understand this connection and seek to truly inspire their employees to contribute to the firm's economic, social and environmental success.

They build diverse and inclusive workforces, which represent their host communities and the markets they serve, at all levels. They foster equitable and participatory workplaces where employees feel valued and have a say, and co-operation based on interdependence prevails. Leading companies have a management style and an organizational culture that promotes mutual trust and respect, and support whole life balance and healthy lifestyles.

Transformational companies, managing for the long-term, invest in the sustainability competencies of their staff, boosting their skills and knowledge in systems thinking, external collaboration, sustainability literacy, and active values. Sustainability is integrated in the employee life cycle from the employer brand, hiring process and onboarding, to professional development and retiree engagement. Employees are supported to contribute to sustainability at work, at home and in the broader community through green and healthy working and living initiatives.

Progressive companies encourage social innovation and experimentation: employees readily collaborate across the organization and organizational boundaries to identify, test and scale social impact projects and innovations. Employee engagement and well-being is included in the corporate strategy and managed as a boardroom issue; sustainability outcomes are reinforced by reward-and-recognition systems.

Defining employee engagement and wellness

Employee engagement: A workplace approach designed to ensure that employees are committed to their organization's goals and values, motivated to contribute to organizational success, and are able at the same time to enhance their own sense of well-being.

Employee wellbeing: A state of wellbeing in which every individual realizes his or her own potential, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to her or his community.

Source



Five Sustainability Competencies



<http://corostrandberg.com/publication/sustainability-talent-management-the-new-business-imperative/>

WHY IS IT IMPORTANT?

There is a growing global talent shortage which will increase “the war for talent.” Firms which foster engaged and social purpose workplaces are most able to attract the best and brightest (particularly millennials), providing a competitive advantage in the marketplace. Once engaged, employees perform their tasks to a higher level fostering significant productivity improvements.

These are the many business benefits to be gained from investing in healthy workplaces:

- Improve recruitment; be seen as an employer of choice
- Reduce absenteeism, turnover and associated costs
 - Replacing employees who leave can cost up to 150% of the departing employee’s salary
 - Disengaged employees are four times more likely to leave the organization than the average employee
- Improve productivity and employee performance; improve employee engagement with business priorities
- Reduce accidents and workplace injuries
- Increase customer satisfaction from higher value customer service
- Improve brand and reputation; reduce brand risk from employees indulging in behaviours that might damage the organization
- Increase innovation



Companies with strong sustainability commitments find that sustainability is one of the top drivers of productivity and one of the top threats to employee departures while healthy, secure and stress-free employees are more likely to come up with game-changing creative ideas. Further, a more agile and resilient workforce is better able to undergo organizational changes and disruption – expected in the turbulent times ahead. Given the pressures and opportunities generated by the growing global sustainability mega-forces, investing in an engaged, values-aligned and sustainability competent and enabled workforce is an essential foundation to future firm and societal success.

Source

Hewitt Associates reaps benefits of health investments

In 2008, HR management consultancy Hewitt Associates (now Aon Hewitt), took steps to strategically align the range of health related services they offered their 2,000 employees and to develop a better understanding of the drivers of ill health across their workforce. The aim was to develop an effective health management strategy to reduce absence, promote employee health and wellbeing and deliver a return on investment for the company. Hewitt Associates undertook a full health audit to identify the main health risks faced by employees. They then implemented a 'total health management' strategy to improve the efficiency and effectiveness of the health services offered to employees. Within 18 months, the total cost of employee ill health to the company had been reduced from £2,850 to £2,500 per employee per year, a total saving to the company of £700,000. In addition to this, the company took steps to ensure that the health of their employees was made a board level agenda item.

Source

Marks & Spencer pursues sustainability training, working flexibly and wellness measures: five aims

Aim: By 2015, we will provide better information and a revised Plan A (sustainability) Champion job specification allowing our colleagues to improve their environmental and community skills. We'll then ensure that we have the right number of Champions in place to help improve the environmental and community skills of all colleagues.

Aim: Our top 100 business leaders will receive training on Responsible Leadership by 2015. We've developed a one and a half day Responsible Leadership training module as part of our 'Lead to Succeed' program with The Future Laboratory. This year, 58 of our top 100 business leaders completed it. We're also developing other formats of training designed to improve skills and knowledge on Responsible Leadership.

Aim: We will report on our employees uptake of working flexibly in the UK by 2015, then take action and set a target to make a significant increase in the levels of working flexibly (e.g. non-maximum hours working, job shares, flextime, remote working) by 2020. We're currently developing a new flexible working policy and from next year intend to report data for part-time working, job sharing, term-time working, home-working, time off for training and flexible retirements.

Aim: We will establish measurements and report on wellness for M&S employees by 2015 to supplement the more traditional measures of employee engagement, considering external best practice. Using data from our Your Say employee survey we've established a Wellness benchmarking measurement of 81%. This will act as a baseline for future years. We're also working with Business in the Community's Workwell Index to improve the way we measure and report about wellbeing related matters.

Aim: By 2015 we will provide additional health services and policies to employees including; encouraging healthy eating, promoting exercise and mental health awareness. We will also provide support and advice tailored to the needs of an ageing workforce.

Source



HOW TO DO IT?

There is no one set roadmap for fostering a diverse, equitable, thriving, participatory and sustainability engaged workforce. However, the following steps are some general actions you can pursue to build your plan.

1. Determine the business rationale for your efforts; these objectives will inform your priorities
2. Conduct best practices research (see resources section below)
3. Baseline current practices and results
4. Identify gaps and opportunities
5. Set goals, targets and metrics
6. Secure senior management buy in and involve employees in determining objectives and implementation measures
7. Implement, evaluate and improve

To engage employees specifically on sustainability practices, many companies implement green team strategies, focused initially on incremental measures, such as educating employees on environmental footprint reduction opportunities. Transformational companies go beyond these early measures to foster a sustainable culture at work, which ripples into employee homes and communities and results in business model innovation with external partners. The following chart can be used in an envisioning exercise, to set the course for becoming a transformational social purpose company in which the workforce actively contributes to generating both business and social value.

Transformational Green Team Continuum, Strandberg Consulting

Stage	1.0 Incremental	2.0 Strategic	3.0 Cultural	4.0 Transformational
Goal	Education & cost savings	Internal operating efficiency	Sustainable competencies, behaviours & mindsets Product differentiation; revenue generation	Business model transformation focused on sustainable purpose & shared value
Activities	Ad hoc	Corporate environmental goals integrated into operations & business lines	Behaviours at work, at home & in the community Product redesign	Business-community innovation Business-industry innovation Product innovation
Structure	Loosely managed	Centrally managed by sustainability department; business leader collaboration	Partnerships with HR, R&D, design, marketing, finance, executive	Business-community clusters Business-industry clusters
Participation	Volunteer	Incorporated into job roles of green team members & select business functions	Integrated into mainstream job & business functions	Integrated work activities with communities focused on sustainable purpose & shared value outcomes Industry association collaboration

This Conference Board of Canada webinar provides an overview of the transformational green team model and implementation strategies ([link](#)) (Contact publications@conferenceboard.ca and quote CBSR to see if you qualify for free or discounted access.)



WHO IS DOING IT?

BC Housing is a B.C. crown agency responsible for delivering social housing. Leadership in sustainability is a key corporate strategic priority. For BC Housing this means effective delivery on its social mandate from ensuring durability of the housing stock, to reduction of negative environmental impacts, to building healthier communities. Its sustainability plan includes three strategic priorities, two of which explicitly involve engaging employees in sustainability decisions and behaviours:

- **Integrated Decisions** – integration of financial, social and environmental considerations in decision-making
- **Change Agent** – guiding and supporting others in taking actions towards sustainability

Within its Change Agent priority is a commitment to empower employees to make good sustainability choices in the workplace, at home and in the community. The company has set a long-term (2020/2021) target to ensure that 75% of employees feel supported by the organization to make good sustainability choices at work and at home. It invests resources and effort in employee engagement to advance the organizational culture towards a sustainability mind-set, the efforts of which contribute to the organization's high employee engagement ranking – BC Housing has been recognized as one of the province's Top 55 Employers (since 2009) and has also been named one of Canada's 50 Most Engaged Workplaces for the last three years. The company's annual employee engagement survey of its 657 employees reveals high overall engagement (74%) and strong ratings (78%) of organizational support in enabling employees to make good sustainability choices in the workplace and at home – exceeding the long-term target in this area.

The livegreen Employee Council – BC Housing's 'green team' – is one of the key success factors in achieving such high levels of engagement. The Council focuses its efforts in four areas: travel (business and commuting), home, workplace and food. Each year the Council creates a strategic plan for the year ahead and tracks the impact of its initiatives through the annual Employee Sustainability Survey. The 2013 survey revealed the organization made significant progress over the past four years in influencing behaviour in many areas including: sustainable modes of commuting and work-related travel, composting, gardening, reusing and recycling, sustainable food choices, using green cleaning products, consuming less meat and reducing paper and energy use.

The organization has begun including Council activities as part of performance objectives and annual performance plans and appraisals for members signalling a shift to considering sustainability engagement as a learning and development opportunity for staff.

More details [here](#).

WHERE CAN I GO FOR MORE INFORMATION?

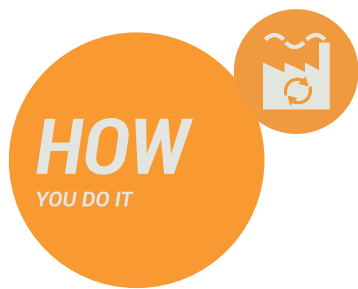
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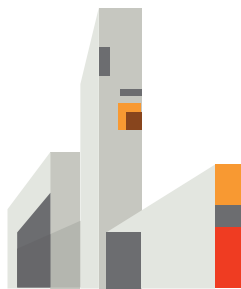
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- CSR and HR Management – An Issue Brief and Roadmap, Strandberg Consulting
<http://corostrandberg.com/publication/csr-and-human-resource-management-an-issue-brief-and-roadmap/>
- Diversity Management Practices Best Practices Scan, Strandberg Consulting
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- Employee Voice Fact Sheet, The Chartered Institute of Personnel and Development, UK professional association for human resource managers
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- Healthy Work: Evidence into Action (provides a comprehensive list of the business benefits of employee engagement), Helen Vaughan-Jones and Leela Barham
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<http://www.cidi-icdi.ca/reports/20140910-CIDI-Report-D&I-Strategy-Toolkit.pdf>

Conference Board of Canada webinar on the CSR-HR connection profiling the approach taken by The Co-operators ([link](#)). Contact publications@conferenceboard.ca and quote CBSR to see if you qualify for free or discounted access.





9: INCLUSIVE BUSINESS



Transformational companies expand opportunities for all populations as employees, suppliers, distributors and customers.

WHAT IS IT?

Unemployment and income inequality are two top global risks identified by the [World Economic Forum](#) likely to foster social tensions, impede society's progress and limit the ability of business to succeed and thrive in the future. [In Canada](#) and globally significant populations are underserved by markets and lack opportunities to participate fully in the economy. In Canada particularly vulnerable groups include recent immigrants, visible minorities, Aboriginal people, people with disabilities and low income people and communities.

There are rising societal expectations that businesses play a stronger role to contribute to community well-being, that their supply and distribution chains and workforces are reflective of the community context (including visible minorities, people with disabilities, Aboriginal people, etc.) and that businesses equitably share their economic gains. Talent shortages already curtail business growth. Business success depends on strong supply chains, strong communities and an engaged employee base. While inequality and unemployment contribute to social instability and threaten business viability, greater equality and inclusion create the necessary conditions for healthy, thriving companies. Significant untapped opportunities exist for business which can harness inclusion strategies to improve business and social value.

Inclusive businesses recognize they have a fundamental role, responsibility and self-interest in ensuring that the economy works for all. They address inequity and societal challenges through their core business, expanding opportunities for disadvantaged people and groups to contribute to, and benefit from, the economy. Inclusive businesses develop commercially viable business models to include disadvantaged consumers, retailers, suppliers, distributors and employees in core operations. They retrofit their business models and pursue business solutions to include vulnerable and economically marginalized people in their value chain on the demand side as clients and consumers and on the supply side as producers, suppliers, entrepreneurs or employees. Leading companies ensure their workplaces and retail operations are accessible for people with physical and other barriers. Now that the UN has adopted the [Sustainable Development Goals](#), leading businesses will be aligning and directing their core strategies to ameliorate social conditions around the world.

Socially inclusive businesses understand the need for shared prosperity and equitable growth. While today many people are excluded from the economy and its benefits, pursuing an inclusive prosperity model that maximizes local benefits and economic opportunities for every segment of the population will increase business and societal success.



WHY IS IT IMPORTANT?

Inclusive business strategies generate a range of benefits, depending on the approach. The following are some of the benefits which can help build market value:

- Drive product and service innovation with the potential for reverse innovation in established markets
- Provide access to new markets and generate consumer loyalty
- Build social license to operate and grow and become a partner of choice
- Expand the labour market and improve workforce productivity
- Build stable and productive supply chains and secure access to resources
- Create local conditions for sustained economic growth

Expectations of business and its role in society have changed. As society faces rising income inequality and unemployment levels, business will be looked to for leadership in delivering high socio-economic value for communities. Leading business which increase access to goods, services and economic opportunities for disadvantaged people and communities stand to reap considerable business benefits.

HOW TO DO IT?

The steps to becoming an inclusive business will depend on many factors, including the business model, industry sector, local conditions and target groups. Here is a general approach that can be followed:

Start by evaluating the socio-economic impact and opportunities in a given market to identify where social and economic benefits could be enhanced across the value chain. Determine the company's core competencies and strengths which can be applied to address societal and developmental challenges through the core business.

Conduct research and consult stakeholders on 1) the key groups that could benefit from the company's sourcing and hiring practices and 2) disadvantaged populations that lack access to your products and services and are thus prevented from equal participation in the marketplace. Identify the barriers and opportunities to product, recruitment and supply chain reformulations to enable all groups to benefit from and contribute to the economy. Develop the business model and case for launching and scaling up the inclusion strategy. For example, how does this initiative represent an opportunity to address unmet needs, and reach large numbers of untapped consumers?

Engage partners, such as non-profit organizations, foundations, governments, business partners, customers and suppliers to innovate and pilot business solutions. Whether non-profit organizations providing technical assistance to micro-enterprises, governments acting as anchor buyers for diverse suppliers, or industry partners co-funding skills training, look for collaboration with a range of actors in the value chain to unlock more opportunities for more people.

Set inclusion ambitions and targets and develop action plans to meet them. For example, Unilever has a target to increase the participation of young entrepreneurs in their value chain with plans to train and enable young people to participate in the agricultural business sector globally and in the distribution channels of their brands to market.



Consider adopting an inclusion lens or policy to engage all employees and suppliers in your social inclusion efforts.

For more ideas and strategies on how to become an inclusive business, here is a useful guide to [Business Social Value Creation](#). The federal government offers a social sustainability roadmap for small businesses which offers further tips and tools found at this [link](#).

WHO IS DOING IT?

Assiniboine Credit Union (ACU), a financial institution based in Winnipeg with nearly 500 employees, over 112,000 customers (members) and nearly \$4 billion in assets, has a mission to provide financial services for the betterment of their customers (members), employees and communities. Their vision is of a “world where financial services in local communities contribute to a sustainable future for all.” As part of their mission, they look for opportunities to provide financial services that make a difference in the lives of people and communities not well served by mainstream financial institutions. They also build partnerships and invest financial and non-financial resources to foster self-reliant, sustainable communities. They pursue their inclusive objectives through community hiring, financial inclusion, ‘social impact’ financial services and social purchasing, expanding opportunities for people facing economic barriers as employees, customers and suppliers.

With a focus on community hiring, ACU’s “Diversity and Inclusion Vision” is to be an inclusive workplace with a diverse workforce that mirrors the communities they serve. To move this vision forward they established a steering committee of senior leaders and managers to lead their Diversity and Inclusion vision and strategy. They conduct regular workplace surveys to measure their progress and partner with community organizations and schools to provide training and employment for people facing barriers to employment. The following table summarizes their diversity and inclusion progress as of 2014:

Group	% of community	% of ACU employees
Aboriginal People	10.0%	9.3%
People of Colour	16.0%	22.4%
People with Disabilities	6.4%	7.0%

Through its financial inclusion commitments, the credit union also sets goals to increase access to affordable financial services for people living in poverty. These are some of their achievements:

- In 2012, they opened an inner city branch in an area abandoned by other banks. In 2014, local residents made over 120,000 transactions at this branch.
- ACU created the Community Financial Centre to better serve non-profits, co-operatives, social enterprises and affordable housing, and to deliver special micro-credit programs.
- In partnership with a community organization they launched the “Recognition Counts! Loans for Skilled Immigrants Program” to support skilled immigrants living on low income to pursue



certification, upgrading or training so they can gain employment in their field. In two years, 137 people have borrowed \$1.2 million to become career professionals in Canada.

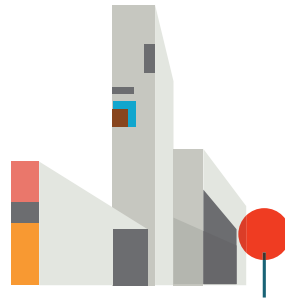
- Each year, ACU helps over 500 unbanked people become members of the credit union, and many more participate in a financial literacy and savings program. Over the years, 3,035 low-income Manitobans have saved \$1.2 million leveraging \$2.9 million in matched savings, meaning investments of \$4.2 million by participants on critical assets such as housing, education, entrepreneurship, and other basic needs. They have also benefitted from 30,000 hours of financial management training.
- The business also includes inclusive objectives in their procurement program and sources goods and services from inner-city businesses, co-operatives, fair-trade suppliers and social enterprises. For example, in 2012 they hired Inner City Renovations, a social enterprise which hires inner city low-income residents for construction projects, to renovate their new inner city branch. More information [here](#).

Click [here](#) for an example of a company pursuing leading inclusion practices for people with disabilities.

WHERE CAN I GO FOR MORE INFORMATION?

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- Conference Board of Canada webinar on developing a social sustainability strategy profiling Vancity Credit Union's approach ([link](#)). Contact publications@conferenceboard.ca and quote CBSR to see if you qualify for free or discounted access.



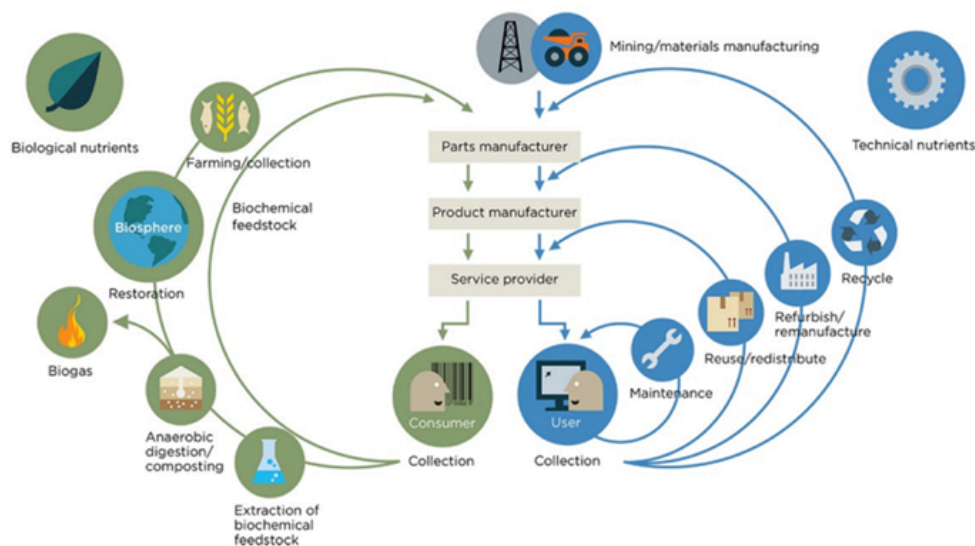


Transformational companies implement closed-loop production and advance a circular economy.

WHAT IS IT?

Our industrial economy is approaching a tipping point in which the traditional business model based on a linear 'take-make-waste' system is no longer viable. A growing and urbanizing global population, scarcity of non-renewables (metals, minerals and fossil fuels) and declining regenerative capacity of renewables (land, forests, water) are necessitating a rethink of our production and consumption systems, which are based on a presumption of unlimited and cheap natural resources. Looming resource shortages, rising and volatile commodity costs, new technologies, extended producer responsibility regulations, landfill bans, and changing customer preferences are driving a shift in this business paradigm to a circular economy model.

In a circular economy, growth is decoupled from the use of scarce resources through disruptive technology and new business models based on longevity, renewability, reuse, repair, upgrade, refurbishment, capacity sharing, and dematerialization. It represents a markedly different way of doing business, replacing established practices like planned obsolescence with new approaches to revenue generation. Restorative by design, the circular economy keeps products, components and materials at their highest utility and value, at all times. Closed-loop systems reduce the need for extraction and processing of new resources and lessen the associated impacts on the environment.



The Circular Economy. (Source: Ellen MacArthur Foundation, based on concepts defined in "Cradle to Cradle" co-authored by William McDonough and Michael Braungart, Northpoint Press (2002).)



To future-proof their operations from the inevitable resource constraints, and design and create products for a future we all want, leading companies rethink their product and service offerings from the bottom up, rather than tinker with incremental resource efficiencies. They develop business models and produce goods that enable multiple use cycles and can be mined for materials and components for reuse or upcycling into higher quality products. Companies that don't sell directly to consumers reconfigure their products to aid in the eventual disassembly, recycling, or take-back of the final product.

Technology is emerging as a key enabler of circular innovation. Today's technology solutions make it easier for manufacturers to see the value that was once invisible in the supply chain. RFID (radio-frequency identification) chips and GPS (global positioning systems), for instance, help companies easily track parts over their lifecycle—instantly seeing where a product or part is, the condition it's in, its origin and what it's made from. This greatly simplifies processes that recycle, reuse or remanufacture goods. Technology-enabled design and production is evolving quickly too, with new capabilities coming on stream, such as 3D printing which enables customized production with fewer by-products.

Research reveals circular economy businesses are pursuing at least one or more of the following five business model innovations:

Five Circular Economy Business Models

- **Circular Supplies:** Providing renewable energy, bio-based or fully recyclable materials.
- **Resource Recovery:** Recovering useful resources or energy from by-products or waste.
- **Product Life Extension:** Extending the lifecycle of products and components by repairing, upgrading and reselling.
- **Sharing Platforms:** Maximizing the use of products through shared use, access or ownership.
- **Product as a Service:** Offering product access rather than ownership.

As these business models show, the opportunity to forge stronger and more valuable customer relationships is significant. Circular enterprises move from one-off customer transactions to ongoing and value-added customer relationships, tapping into growing customer interest (particularly on the part of millennials) in the sharing, repairing and second-hand economy.

Leaders realize they cannot become closed loop on their own, and engage across value chains and industry sectors to build the infrastructure to enable the circular economy – the systems by which the biological and technical nutrients are continuously reused. These leaders engage their suppliers, customers, business partners and governments to join their quest. They lead and champion industry initiatives and public policy to accelerate the enabling environment, including reverse logistics – the strategies, processes and infrastructure to enable the cost-effective collection, treatment and redeployment of used or surplus resources.

Aluminum company pursues closed-loop innovation

Novelis, the largest rolled aluminum company in the world, announced a dramatic shift to its business in 2011. The company expressed its intention to adopt an almost entirely closed-loop manufacturing system in which 80% of the aluminum it uses to make its products – beverage cans, automobile parts and specialty products – would be recycled material. The decision meant investments of more than \$2 billion over the course of the next four years, but it also marked the company's larger aspiration to move away from a business model focused on extraction and disposal of valuable resources. The target has implications for every aspect of its business, from the basic design of its products and portfolio mix, to the structure of its supply chain and its customer relationships. When reached, the company will cut its absolute life cycle greenhouse gas emissions in half, even with significantly increased production, and achieve its objective to be the low-carbon aluminum producer. Its shift toward a closed-loop and low-carbon approach also requires the company to engage and partner with a broader and more diverse set of stakeholders, to challenge and inform their thinking and advance

shared objectives that cannot be achieved single-handedly.

Source

WHY IS IT IMPORTANT?

Dependence on scarce natural resources for growth exposes a company's tangible and intangible value to serious risks. By transitioning to closed loop, circular economy business models, transformational companies become more resilient, minimize the impact of raw material price volatility and position themselves for relevance and profitability in the future. Anticipating that business and retail customers will increasingly consider natural resources in their buying decisions and give preference to companies that show responsible behaviour, leading companies will gain value from their circular economy investments.

There are a number of potential supplemental benefits from this approach, including opportunities to:

- Develop new markets and new customer segments or grow existing ones
- Create a platform for continuous innovation and new revenue generation
- Build value-added customer relationships
- Achieve cost savings
- Increase security of supply and improve price stability and predictability of inputs
- Enhance employee attraction, retention and engagement
- Build brand and reputation
- Attract government and business partners

By commercializing circular business models, businesses can reduce risks and costs and increase revenue and profits. Policymakers and civil society advocates will favour companies that can prove they have positive societal impact and can operate without depleting the planet's natural resources. Adopting circular economy strategies is better for the planet and society and arguably may be essential to long-term competitiveness.

Philips' CEO rebuilds his company on circular economy principles

"It is important to disrupt your business before someone else does. At Philips, we have started the process of fundamentally redesigning our business and our end-to-end value chains. Instead of selling products, we aim to retain ownership, selling use as a service so we can optimize the use of resources. Once we can sell the benefits instead of the products themselves, we can design for multiple re-use and eventual recycling. Circular economy is a trigger for innovation that requires a new generation of materials as well as development and production processes. We also need to define new business models, refine concepts of legal ownership and use, adaptive logistics and financing strategies. And we need a leadership culture that embraces and rewards a circular economy."

Frans van Houten, CEO, Royal Philips

Source

HOW TO DO IT?

To become a circular economy enterprise will depend greatly on your business model, sector and value chains. Here are some guidelines you can follow which will be generally applicable:

1. Secure board and executive commitment.
2. Conduct R&D with suppliers, customers, competitors, business partners, governments and experts to identify opportunities. Consider every element of your design, manufacture, supply and packaging process to look for circular innovation potential.
3. Establish the relationships necessary to advance your effort, such as recyclers, haulers, retailers, consumers, resource providers, regulators, etc. Basically this will involve most everyone in your value chain from start to finish.
4. Prototype initiatives to test and improve your initiative.
5. Define the new skills, roles and jobs needed (for example, your waste manager may become a commodity manager to find alternative value from manufacturing by-products).
6. Based on the success of your prototype, scale up and identify other opportunities.

Ask yourself these questions to inform your strategic planning:

- What would be the right financial solution to transition into a performance rather than sales model?
- What would our corporate structure look like in a circular world, and how could we manage the transition?
- What value could we recover from products we have sold for the last 5 years?
- Can we help our customers increase the lifetime and utilisation of our products?
- If our products were designed for take-back, how much value could we recapture from products sold?
- If we had to take back all the products we sold, how would that affect design and production?
- If our industry standardised and shared as much non-competitive material and infrastructure as possible, how much could we jointly save?
- If circularity substantially reduced our exposure to raw-material price fluctuations, what would happen to our cost of capital and resilience?

Source

Marks & Spencer Conducts Circular Economy Research

Businesses often lack information on opportunities to become a closed loop, circular economy business. Here is an example of how Marks & Spencer, a global UK retailer, sets business goals to research circular economy opportunities:

Aim: By 2016, we will have completed a detailed review of circular economy opportunities across all parts of the M&S business. We are members of the Circular Economy 100 (CE100) group run by the Ellen MacArthur Foundation and we plan to work with them along with other partners to identify the commercial viability of re-using potential waste materials across our business.

Aim: Conduct a series of collaborative projects to review the causes of food waste across our supply chain and operations. By 2015, we plan to set a reduction target to be achieved by 2020. In addition, we will review opportunities to donate an increased amount of food to charities. We've set up an internal project group, which meets regularly to explore ways of minimising unsold food levels and ensuring that all unsold food is put to the best possible use, ideally, by donating it to charities.

Source



WHO IS DOING IT?

Dell, an American multinational computer technology company, adopted a 2020 Legacy of Good Plan in 2013 which includes 21 ambitious social and environmental goals. Realizing they can achieve business benefits by recycling and up-cycling materials, the company included a number of long-range (seven year) closed-loop commitments in their Plan, such as:

- Use 50 million pounds of recycled-content plastic and other sustainable materials in products
- Ensure 100% of Dell packaging is either recyclable or compostable
- Recover 2 billion pounds of used electronics

While Dell has used recycled-content plastics from water bottles and other plastic sources for some time in monitors and desktops, the company recently established a closed-loop system to use plastics derived from the computers they take back. (The company has 2,000 donation sites in the US which accept any brand of computer in any condition.) With the launch of the OptiPlex 3030 All-in-One, Dell became the first in their industry to offer a computer made with third party-certified closed-loop recycled plastics.

Philips, the Dutch lighting, healthcare and consumer lifestyle company and the world's largest lighting supplier, has a mission to make the world healthier and more sustainable through innovation with a goal to improve the lives of 3 billion people a year by 2025. It committed to this mission in 2012 both as a competitive necessity and with the conviction that companies solving the problem of resource constraints will have an advantage. While the company has operated refurbishment and recycling programs for over 25 years, it is now fast-tracking its move to a circular economy and closing the materials loop.

In 2009 they collaborated with a corporate customer and a supplier to co-innovate a "Lighting as a Service" business model in which the customer buys a lighting service and Philips installs and manages the lighting infrastructure. The company now sells lighting as a service to corporate and government customers worldwide.

Philips also adapted this 'product as a service' innovation in their healthcare business. They are experimenting with a range of leasing contracts, for instance, by offering a pay-for-use MRI service to hospitals rather than selling the equipment up front. Similarly, Philips refurbishes complex medical equipment. The company believes the future is in robust maintenance contracts, where replacement electronic components can be easily fitted to customers' machines, avoiding the need for complete disassembly or new machines.

These shifts are advanced through their Design for Excellence innovation process in which the company strengthened the circular economy criteria. As part of their EcoDesign program, Philips aim to incorporate up to 10% recycled materials in their portfolio of consumer products. In a typical innovation process the company holds multi-week workshops in which designers and suppliers tear down the entire value proposition of a product to see what might be changed and how. The company is embedding circular economy principles in all strategies, processes, metrics and structures. It also established an internal centre of expertise that involves every business unit to help identify opportunities.

By shifting from 'transactions' to 'relationships' via service and solution models; designing products for disassembly and serviceability; and replacing conventional customer ownership of the product to customer access to the product, Philips is introducing disruptive innovation to established markets and its existing customer base.

Philips has written this report to communicate their shift to a circular economy business model: [Rethinking the Future: Our Transition towards a Circular Economy.](#)

[Source](#)



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<http://www.greenbiz.com/research/report/2014/07/17/corporate-sustainability-practices-waste-recycling>
- European Union's Circular Economy Initiative
<http://ec.europa.eu/environment/circular-economy/>
- Cradle to Cradle Products Innovation Institute
<http://www.c2ccertified.org/>
- MBDC (McDonough Braungart Design Chemistry) advises companies on design, chemistry, leadership and innovation for the Circular Economy using Cradle to Cradle(R) principles
<http://MBDC.com>
- Biomimicry Institute introduces an approach to innovation that seeks sustainable solutions to human challenges by emulating nature's patterns and strategies
<http://biomimicry.org/>
- National Zero Waste Council, a membership-based government, business and community collaboration at the national and international level acting as an agent of change for waste prevention and reduction in the design, production and use of goods.
<http://www.nzwc.ca/>
- Five Circular Economy Strategies, Greenbiz
<http://www.greenbiz.com/article/pepsi-unilever-5-circular-economy-strategies-consumer-goods?src=nws9-17>



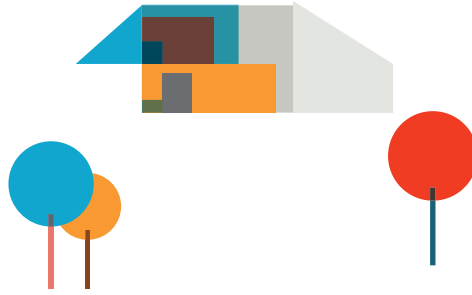
HOW

YOU DO IT



Transformational Company Quality

11 RESOURCE PRODUCTIVITY



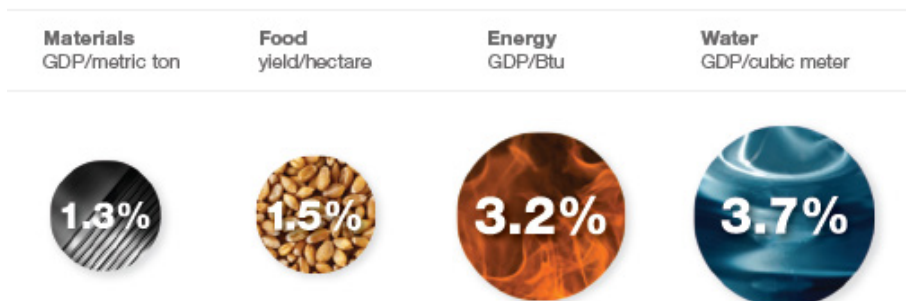
Transformational companies achieve a major improvement in the use of resources and materials and become a zero carbon company with respect to energy use.

WHAT IS IT?

The world has a finite set of materials and other natural resources. The ability for business and society to succeed and thrive rests largely on how – and how much – people extract and use the full range of materials that come from and return to the Earth such as wood, minerals, metals, fuels, chemicals, agricultural plants and animals, water, soil, and rock. We must understand and respect the Earth's limits in order to prosper within our means.

Global population is expected to grow by an additional two billion people to reach nine billion by 2050. Most of this population growth is experienced in rapidly urbanizing developing nations. As they industrialize resource demands will increase. The global middle class is expected to grow from two to five billion in fifteen years driving up consumption and materials, water and energy impacts. [Research](#) reveals that Canadians are using approximately 3.7 times their share of the Earth's annual productivity. Today humanity uses the equivalent of 1.5 planets to provide the resources we use and absorb our waste. This means it now takes the Earth 18 months to regenerate what we use in a year. Turning resources into waste faster than waste can be turned back into resources puts us in global ecological overshoot, depleting the very resources on which human life and biodiversity depend.

Annual resource-productivity improvement required to meet global demand 2010-30



[Source](#)



To meet increased global demand requires a dramatic improvement in resource productivity – which some call a resource revolution or radical dematerialization. Whatever it's called, “sustainable materials management” is necessary to enable a viable planet, society and economy.

McKinsey calls for a resource revolution

Our recently completed research on the supply- and-demand outlook for energy, food, steel, and water suggests that without a step change in resource productivity and a technology-enhanced expansion of supply, the world could be entering an era of high and volatile resource prices. Nothing less than a resource revolution is needed.

Source

“Sustainable materials management” encourages reduction in the amount of material extracted, and selection of renewable materials over non-renewable resources. Materials management also encourages changes in product design to use less material, reduce toxicity, and make products more reusable or recyclable. In a system that recognizes the true value of materials, and accounts for all the environmental impacts associated with materials use, the concept of waste is significantly changed. Products and materials presently viewed as acceptable to throw away will increasingly be recognized as valuable. Materials that used to “go to waste” will be reused or become feedstocks for new products and processes. Biodegradable materials that are not reused will be returned to the Earth to renew natural systems. ([Source](#))

Progressive companies understand that to be viable in the long term the ecosystems and resources they depend on must be maintained. They reinvent their companies around basic sustainability principles. This means decoupling growth and profitability from resource use, and finding new and innovative ways to deliver customer value while consuming a fraction of the hydrocarbon-based energy and materials used today. Rather than settle for modest, iterative, productivity improvements of a few percentage points a year, these companies rethink their business models to realize a step-change in resource productivity. They pursue low and no-carbon strategies, to avoid needing energy, while generating the energy they do need with as few greenhouse gas emissions as possible, offsetting the rest.

Zeronaut companies and leaders drive to zero impacts

Zeronaut, n.1. An inventor, innovator, entrepreneur, intrapreneur, investor, manager or educator who promotes wealth creation while driving adverse environmental, social and economic impacts toward zero. 2. Someone who finds, investigates and develops breakthrough, footprint-shrinking solutions for the growing tensions between demography, consumerist lifestyles and sustainability. 3. Political leader or policy-maker who helps to create the regulatory frameworks and incentives needed to drive related “1-Earth” solutions to scale.

Source

WHY IS IT IMPORTANT?

For businesses to be viable in the long term the ecosystems and resources they depend on must be maintained. Resource constraints represent a significant business risk. This is not only from the potential inability to source the necessary inputs for products but also from the threat of regulatory intervention such as taxes or moratoria on extractive industries and reputational risks from negative



media and NGO attention. The growing and urbanizing global population and rising consumer demand will result in higher and more volatile resource prices, supply shortages, changing customer preferences, government regulation and investor requirements. To succeed in this marketplace, companies will need to decouple growth from resource use. Innovating companies will find ways to do this better, smarter, faster and cheaper than their competitors, gaining competitive advantage. Businesses that achieve a major reduction in resource and material use, and realize carbon neutrality are more likely to achieve the license to grow from society.

These benefits are available for companies that dematerialize their business models:

- Maintain access to resources
- Secure stable supplies
- Enhance business continuity
- Reduce costs
- Get ahead of regulation
- Attract consumers
- Innovate products and value chains
- Increased availability of capital

Businesses that deliver dramatic resource productivity improvements at scale will benefit from greater resilience, reduced costs, improved security of supply and ultimately a more sustainable business model. Transformational companies who lead the way stand to gain significantly, while the benefits to society are immense.

Unilever plans to decouple business growth from environmental impact

“We live in a world where temperatures are rising, natural resources are being depleted and water is scarce. Food production needs to increase by 70% to meet global demand in 2050. Unilever recognises that in order to live within the natural resources of the planet we will have to decouple our growth from our environmental impact.

We have set a goal to halve the environmental footprint of the making and use of our products by 2020 as we grow our business. This is ambitious because it does not just cover the direct impacts of our factories, transport and offices. It accepts that Unilever has a responsibility across the value chain – from the sourcing of raw materials all the way through to the energy and water needed by people to cook, clean and wash with our products.

By looking at product development, sourcing and manufacturing through a sustainability lens, opportunities for innovation and cost reduction open up. And by sourcing sustainably we can reduce risk in our raw material supply chains.”

Source

HOW TO DO IT?

The approach to dramatically reducing resource use and achieving carbon neutrality will vary from company to company, as will the strategic implications of resource-related trends.

One starting point is to understand how the changing resource landscape, and potential risks of short



or difficult-to-obtain supplies, will affect your company's future profitability and growth prospects. With this information, undertake R&D to find ways to pivot the business model to produce new opportunities for growth and disruptive innovation before less-prepared competitors do so. This could include investing in sustainable sourcing practices to postpone or avoid cost increases.

One route to identifying your resource risks and opportunities is to put a shadow price on your resource impacts and dependencies. An international effort, called the Natural Capital Protocol (NCP), is underway to develop a global standard to help companies measure, value and manage their direct and indirect interactions with natural capital. This will provide a common framework to measure natural capital impacts for use in strategic planning and supply chain management. The accounting protocol will support companies in their decision-making, including scenario planning, risk management, product and value chain innovation and preparing for future reporting and disclosure.

McKinsey advisors Stefan Heck and Matt Rogers [describe](#) these opportunities for leading the coming resource revolution:

1) Substitution - replace costly or scarce materials with less scarce, cheaper and higher-performing ones

Consider every resource your company uses in its core products and every resource your customers use or consume and then look for higher-performing and less expensive, less risky, or less scarce materials that might work as substitutes. Consider how substitution might deliver superior overall performance, much as electric motors are more efficient and provide better safety and acceleration than traditional internal-combustion ones.

Spotting substitution opportunities takes hard work. Apple and GE have gone through the periodic table element by element, assessing which ones pose the biggest risks for supply, costs, and regulation. These companies have developed substitution opportunities for each risky element. Looking a decade ahead gives your company a time advantage over competitors in responding to potential constraints.

2) Optimization - embed software in resource-intensive industries to dramatically improve how companies produce and use scarce resources

Another way your company can boost the productivity of existing resources is to optimize their use—for instance, by integrating software into traditional industrial equipment or providing heavy equipment as a service. Some methods of optimization are surprisingly straightforward, for example, UPS reduced fuel consumption and improved safety and speed by rerouting their trucks to avoid left turns.

To determine which opportunities have the most potential consider these questions: What expensive assets could be integrated with software and sensors? Which pieces of equipment are used only for a small portion of the time? What energy-intensive equipment is active without performing a function? This could be construction equipment, shipping containers that go back empty, or simply planes circling airports waiting for congestion to clear. All lend themselves to IT solutions that optimize routing, timing, loading, or sharing.

3) Virtualization - move processes out of the physical world

Virtualization means moving activities out of the physical world or simply not doing things, because they've been automated. There are many examples of virtualization such as digital music, online shopping, online news, etc. Consider how technology can help your company to dematerialize its products by providing virtualized services instead.

For more ideas on how to decouple growth from environmental impact consider the ideas in this [“Sustainable Materials Roadmap”](#), produced by the US Environmental Protection Agency.



WHO IS DOING IT?

Proctor & Gamble (P&G), the largest consumer packaged goods company in the world, is implementing a 2020 sustainability plan aimed at conservation and renewable resources that have a more positive impact on the environment. Launched in 2010, two of the plan's three environmental areas include renewable resources and conservation of resources. [Check this link](#) to read about their targets, approach and results.

Sony, a multi-national Japanese electronics company, has adopted the Road to Zero, a global environmental plan setting the company's course to achieve a zero environmental footprint throughout the life cycle of their products and business activities by 2050. The Road to Zero pursues a series of medium term goals based on four environmental perspectives and six life cycle stages. The four environmental perspectives are curbing climate change, conserving resources, promoting biodiversity and controlling chemical substances. The six product life cycle stages include: research and development, product planning and design, procurement, operations, logistics, and take-back and recycling. This [link](#) will take you to further details.

For more examples, see the Zeronauts reference below.

WHERE CAN I GO FOR MORE INFORMATION?

- Sustainable Materials Management: The Road Ahead, US Environmental Protection Agency
<http://www.epa.gov/smm/pdf/vision2.pdf>
- The Zeronauts: Breaking the Sustainability Barrier, John Elkington
<http://thezeronauts.com/>
- Natural Capital Protocol Project
<http://www.naturalcapitalcoalition.org/natural-capital-protocol.html>
- B Team Leaders Call for Net-Zero Greenhouse-Gas Emissions by 2050
<http://bteam.org/the-b-team/business-leaders-call-for-net-zero-greenhouse-gas-emissions-by-2050/>
- Mobilizing for a Resource Revolution, McKinsey Quarterly, Richard Dobbs, Jeremy Oppenheim, and Fraser Thompson
http://www.mckinsey.com/insights/energy_resources_materials/mobilizing_for_a_resource_revolution



HOW

YOU DO IT



Transformational Company Quality

12: VALUE CHAIN INFLUENCE

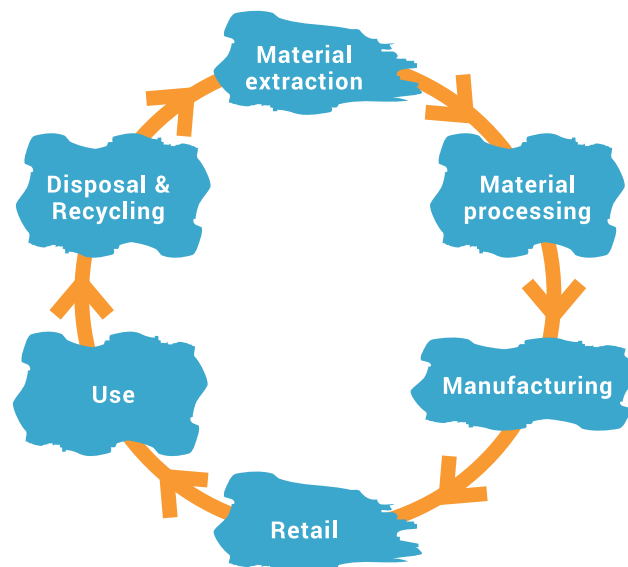


Transformational companies take responsibility for, and influence, the sustainability outcomes of their value chain, both up and downstream of their operations, and across regions and sectors.

WHAT IS IT?

Progressive businesses go beyond reducing their operational social and environmental footprints to improving the social and environmental impacts of the full life-cycle of their products and services, from extraction and harvesting, through manufacturing, to distribution, use and end of life (see diagram below). They go beyond their four walls to pursue business-to-business “B2B” (business to business) sustainability collaborations benefitting themselves, broader industry and society as a whole. They partner with suppliers and business customers in key impact, dependency and opportunity areas to improve supplier and customer practices and the social or environmental dimensions of the products and services they sell. They realize that their business model cannot be described as just one business, but as a configuration of several players with aligned interests and incentives and that they are in an interdependent relationship with their business partners, which rely on one another for their mutual success. In other words, they have a “shared value chain” which requires investment and continuous improvement for all parties to achieve ongoing commercial and social results.

Value Chain depicted as a circle to reflect circular economy and closed loop



WHY IS IT IMPORTANT?

To enable 9 billion people to live well within planetary boundaries companies need to work with suppliers and business customers to transform the way products and services are produced and consumed. Typically the most significant sustainability impacts are not found within a company's operations, but in the environmental and social practices of its suppliers and in how its products are transported, used and disposed. Global issues such as climate change, water stress or social inclusion are highly complex and difficult for any one company to achieve substantial progress on its own. By influencing their value chain, businesses are able to hasten the transition to sustainability. Through value chain engagement faster market transformation to sustainability is possible.

A more sustainable value chain can provide a number of business advantages, including:

- Maintain access to resources and assure continuity of supply
- Meet changing customer and regulatory requirements
- Advance innovation, create new products and business models and expand into new markets
- Develop stronger business partnerships and improve stakeholder relationships
- Access expertise, competencies, perspectives and assets not available internally
- Create external conditions for future success
- Pool risk and investments, enhance efficiency and lower costs
- Build competitive and first-mover advantage

By collaborating with external partners to create the conditions for their future success and to tap into assets and capacities they don't have, leading businesses can foster commercial and societal success. [Research](#) into value chain engagement on carbon reduction shows that companies that engage with one or more of their suppliers, customers or other partners are more than twice as likely to see a financial return from their GHG emissions reductions investments, and almost twice as likely to reduce emissions, than those who do not. Business partners also gain innovation and competitiveness benefits from their participation.

Why BASF, a global chemical company, is influencing its value chain

New laws and standards regarding carbon emissions and other sustainability topics are being implemented, or look set to be enacted, all over the world. At the same time, there is growing market uncertainty about the cost of raw materials and the availability of natural resources. Finally, the end consumers are evolving their expectations about the goods and services they purchase. Increasingly they are holding brand owners and companies to a higher account in terms of materials that go into consumer products and the way those products are made. In short, for BASF and for its customers, creating more sustainable products and services makes good sense to achieve long-term business success.

[Source](#)



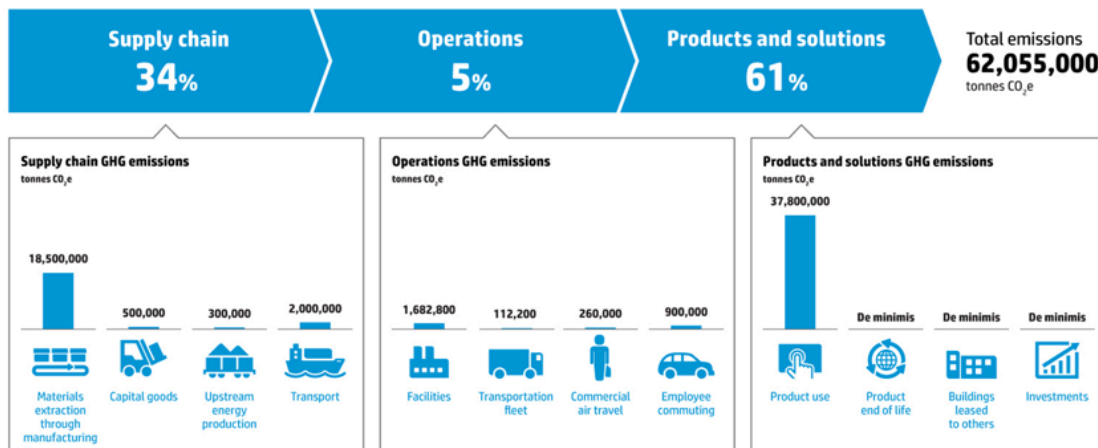
HOW TO DO IT?

There are five steps to improving the sustainability footprint of your value chain once executive level commitment is secured:

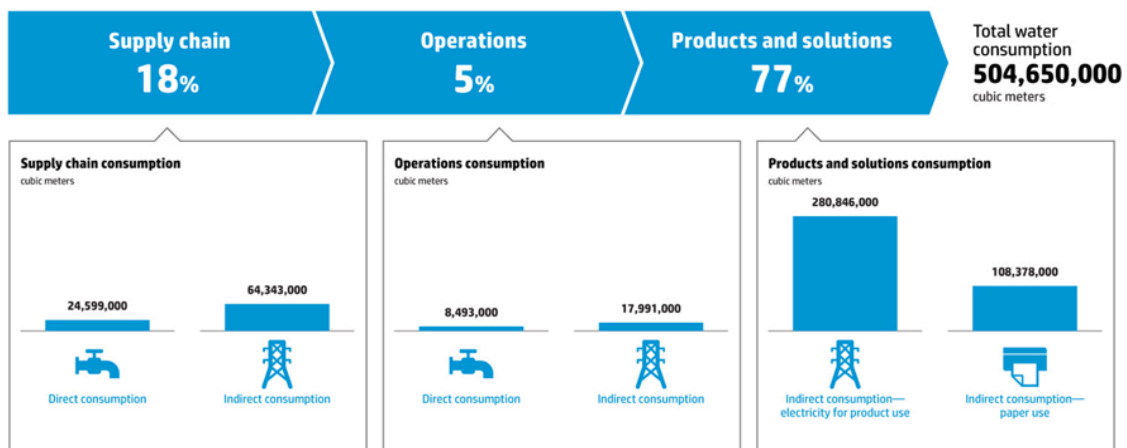
1. Describe, map and analyse the process by which your product or service is produced, consumed and disposed.
2. Identify actors in the value chain (e.g., suppliers and customers) and other affected stakeholders.
3. Identify the social and environmental “hot spots” (priority focus areas) with the greatest impacts or opportunities for improvement. *Tip: some companies publish this research as thought-leadership for their sector.*
4. Consult stakeholders and business partners for their priorities and potential solutions.
5. Initiate collaborations to advance innovation and unlock new ideas and opportunities with key business partners depending on the opportunity area. *Tip: take time to build shared purpose and foster the transparent exchange of information. Tip: to influence sustainability impacts of suppliers further upstream (called tier 2 suppliers) consider requesting your tier 1 suppliers to inform your buyers of any material impacts in their supply chain and what they are doing about it.*

HP conducted value chain assessments of the carbon and water impacts of its products:

HP's Carbon Footprint 2013



HP's Water Footprint 2012



Value chain collaboration

To create a sustainable value chain, companies collaborate with their suppliers or customer partners to improve their collective success and the success of the value chain as a whole. They put together roundtables to create the critical mass needed to make change happen. The following are some of the optional approaches companies use to engage business partners up and downstream of their operations.

Value chain engagement options

Supplier Sustainability Engagement Continuum



The creation of a sustainable value chain often starts by partnering with suppliers or customers in awareness raising, information sharing, consultation, education and data provision, and moves to higher levels of engagement such as providing expertise, building capacity, co-researching, cost-sharing and finally, co-innovation through prototyping, joint ventures, new business model creation, etc. Not included in the chart are advanced steps of developing standards, certifications, and joint public policy advocacy.

An advanced company will set and implement goals and targets for sustainability improvements in its value chain and assess and improve the effectiveness of its influence strategies.

WHO IS DOING IT?

Coca-Cola Enterprises has an ambitious carbon reduction 2020 goal to cut “the carbon footprint of the drink in your hand by a third”. Realizing most of its carbon impacts were in its value chain, it launched a three-stage carbon challenge to help its suppliers progress along each stage of their carbon management journey. The challenge starts by encouraging each organization to measure and manage its carbon footprint, then to develop carbon improvement plans and finally to share carbon information. In 2013 the company held a virtual supplier sustainability meeting and webinar to bring together its key suppliers in a collaboration and innovation dialogue, the fourth to date. Following this success the company launched an online sustainability network hub to enable the company to continue to share and collaborate across its value chain. [\(Source\)](#)

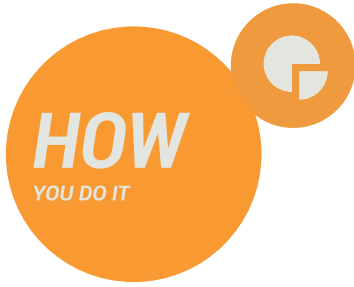
BT, a UK-based multi-national telecommunications company, equally has an ambitious commitment to help its customers reduce their carbon impact by three times the full carbon impact of its business by 2020. Its 17,400 suppliers represent 64% of its carbon footprint, so BT is starting there. It introduced a Better Future Supplier Forum in 2012 to assess suppliers against global best practices and reward pioneering ideas through an annual Game Changing Challenge competition. As a result of the

competition and its other capacity building efforts, BT reduced the carbon impact of its supply chain by 250,000 tonnes measured against its 2011 baseline. Suppliers are benefiting as well by reducing their employee turnover, accident and illness rates and increasing productivity. ([Source](#))

Click [here](#) for another example of a company using its influence to develop a sustainable value chain.

WHERE CAN I GO FOR MORE INFORMATION?

- [Collaboration, innovation and transformation: Ideas and inspiration to accelerate sustainable growth – a value chain approach](#), World Business Council for Sustainable Development
- [Value, Unchained](#), Forum for the Future
- Beyond Supply Chains: Empowering Responsible Value Chains, World Economic Forum
<http://www.weforum.org/reports/beyond-supply-chains-empowering-responsible-value-chains>



Transformational Company Quality

13: Stakeholder Accountability and Transparency



Transformational companies actively engage and are accountable to all stakeholders, disclosing their sustainability performance, impacts and dependencies.

WHAT IS IT?

Business faces a [global trust gap](#), with trust in business in decline around the world. A key antidote is to build credibility through stakeholder transparency, accountability and engagement. There is increasing pressure on companies to become more transparent, from investors, customers, corporate buyers, employees, media, regulators, communities and NGOs. Demand is growing for more information on where products come from, how they were made, delivered, used and disposed, and how natural, social and human capital was affected in the value creation process. Stakeholders want to understand how companies are managing and improving their sustainability performance, impacts, externalities and dependencies, and want their views to be understood and considered. Digital technologies and social media are powerful drivers of this new information and engagement revolution.

Leading companies understand this. They set a course to improve the accessibility of product information and to positively influence consumer choices by informing them about the sustainability impacts of their products from origin to ownership. They make this information available to customers so that they can easily track, trace and benchmark how sustainably their product has been made. Information is curated to make it meaningful for stakeholders – translated into relevant and digestible information in an accessible and intuitive way making good use of technology, such as apps and smart devices.

These leaders invest in traceability programs and new technologies, such as sensors and data analytics, to enable them to more easily and affordably account for the environmental and social impacts of their materials – all the way upstream to farms, forests, mines, mills and individual factories. Progressive business gives customers confidence that everything they buy is designed, manufactured and handled with responsibility for people and the environment. They put full product and supply chain information in the hands of business customers and consumers in real time. Technologies that enable consumers to access this information by simply scanning a product's barcode with a smartphone already exist and the trend will evolve as technologies improve.

Transformational company disclosures include credible, standardized, independently verified metrics covering all significant stakeholder concerns and detail goals and plans for future actions. Sustainability risks, strategies and performance are disclosed, along with sensitive issues, such as tax contributions and lobbying activity. This information is transparently provided to stakeholders to inform their opinions and decision-making.



Marks & Spencer Transparency and Traceability Commitments

Transparency:

- Aim: By 2015, we will consult with our customers and stakeholders to identify what information they consider to be important about where and how M&S products are produced and by 2020 we will respond by improving the information available. To date we have conducted a small-scale online survey of sustainability specialists, a review of best practice by Forum for the Future and a summary of findings from existing customer and public market research. The initial results show that different stakeholders have different expectations and that these also vary across categories of products. We intend to conduct further research to gain a better understanding of what's important to different stakeholders. We believe that information about where and how a product is produced is best communicated to customers through an integrated marketing approach while specialist stakeholders want policy and performance statements to be accessible online.
- Aim: By 2015, we will publish details of how we define and measure Plan A (sustainability) product qualities, identifying hotspots and details of our collaborations. We will explain in detail how we've evolved the ways we define and measure sustainability qualities in our products since we first started to report progress in 2012. We plan to publish details online next year, explaining who we've worked with and the methods used to define the qualities.

Traceability:

- Aim: By 2016, we will publish an annual list of our active clothing manufacturers. We will develop and implement a system to provide traceability for the principal raw materials used within our General Merchandise supply chain and assess the opportunities to make at least some of this information available by 2020. We've developed plans to trial a system that will enable us to collate information on fabrics and raw materials in our existing contracts, making these easier to trace.

Source

Transformational companies move beyond traditional stakeholder management and engagement which focuses on the "best interest of stakeholders". Instead, they pursue initiatives that are for the "benefit of stakeholders", nurturing the relationships that support business and societal health. Relationships are built on authenticity, trust and mutual benefit and go beyond "satisfaction" goals to "environments in which everybody can thrive". Leaders understand how relationships add value and translate the value into information relevant for effective management and decision-making. They practice collaborative and empowering relationship styles, as demonstrated in the engagement ladder below. Stakeholders are embraced as a source of innovation and opportunity and contribute to sustainable business success.

AA1000 SES Engagement Ladder (adapted)	
Inform	One-way engagement to inform or educate stakeholders
Consult	Modest two-way engagement to gain information, opinions and feedback from stakeholders to inform decisions made internally; organizations ask questions and stakeholders answer
Involve	Two-way or multi-way engagement; work directly with stakeholder to ensure that their concerns are fully understood and considered in decision-making and actions
Collaborate	Two-way or multi-way engagement for joint learning, problem solving, decision-making and actions
Empower	Delegate decision-making on a particular issue to stakeholders; stakeholders play a role in governance

In an ever more complex and connected business environment, the ability to forge effective relationships is vital. With **four-fifths of the market value** of business in intangibles, businesses that build trusting and engaged reciprocal relationships based on transparency and accountability will be well placed to manage risk, increase resilience and create value for all parties.

Future outlook

Data for social good: Some companies will go further and democratize their data, openly sharing data sets for others to access it, so it can be harnessed to inform social good projects around the world.

Intellectual property transparency: Frontier game-changers, like Tesla Motors, will put their intellectual property in the public domain to scale and accelerate sustainability innovation.

Radical transparency: Others will find value in providing maximum disclosure of social and environmental impacts and relationships along the value chain. For example, a company could enable a consumer to build a relationship with a grower in South Africa via a community Facebook page.

L'Oréal consults stakeholders in markets around the world for input on its sustainability commitments

Because the importance and treatment of issues related to corporate environmental and social responsibility vary from one country to the other, L'Oréal held stakeholder forums around the world to promote dialogue at the local level on both local and global issues. In their respective countries, these forums were the opportunity to address a broad spectrum of topics from environmental issues, diversity and animal testing to product safety and women's rights. In addition to holding these forums, an online discussion platform was opened for stakeholders, covering the different areas of the Group's materiality analysis and giving those organisations wishing to continue the dialogue online the chance to ask questions to the Group's experts for real-time responses. In France, in 2013, the Group consulted with more than a hundred organisations to refine the structure of its sustainability commitments for 2020, incorporating the issues raised during discussions at five topic-specific forums: responsible sourcing, biodiversity, diversity and equal opportunity policy, responsible communication, and energy and climate change. At every forum the company shared its sustainability policy – which entails integrating sustainability at the centre of its business strategy throughout the value chain – for feedback from stakeholders.

While L'Oréal has set the ambition of attracting one billion new consumers in the coming years, the Group has also established a clear objective for itself: promoting more sustainable consumption. After officially unveiling its programme, the Group held the first international forum for reflection in Europe on this matter. In 2012 the company held a multi-stakeholder forum on sustainable consumption in New York at the initiative of L'Oréal's American subsidiary. In 2013, the Group organised a European forum with the theme "Reimagining consumption: Sustainability as a desirable choice for all". In partnership with five international organisations recognised for their expertise – BSR, Forum for the Future, Futerra, Sustainable Brands and The World Business Council for Sustainable Development – L'Oréal brought together over 250 experts to share the current best practices around the world.

Source and Source

Wikis promoting transparency

Here are two online databases in development which will increasingly put corporate sustainability information in the public domain. The internet and social media are big drivers of corporate accountability and transparency, and this is expected to grow in future.

Wikichains

This website will encourage people to upload text, images, sounds and videos on any commodity supply chain. The vision is that ultimately a large body of data will be assembled to allow consumers



to find out information about the chains of all mass produced commodities. By facilitating the free flow of information the project will encourage consumers to make informed decisions and be more aware of their sustainability impacts.

Wikirate

The objective of Wikirate is to be the 'go-to' place for information on companies' social and environmental practices, allowing stakeholders to be better informed. They are building an open social networking system that allows people to create and share knowledge on company behaviour. The information may come from public sources, or from "sensors" such as webcams or individual user uploads of videos or images or from separate whistleblowing websites – a real-time gathering and management of information. The information will be accumulated and visualized on the website to allow users to compare and rate such companies.

WHY IS IT IMPORTANT?

There are a number of reasons why transformational stakeholder engagement, accountability and transparency are valuable. [Research](#) shows there are declining levels of trust in business, falling from 62 percent in 2014 to 47 per cent in 2015 in Canada. Transparency and open business practices are a key step to rebuilding trust in business. By proactively sharing product origin information a company builds customer loyalty and gains market share. Business-to-business companies can meet the growing requirements of their corporate customers for sustainability information. Companies that improve product traceability conduct better resource planning and risk management. Robust stakeholder relationships enhance the company's ability to adapt to changes and adverse events, building resiliency. Proactive stakeholder engagement also further enhances risk management, as it can identify potential problems before they arise, reduce the deadlocks that result from misunderstandings and facilitate a more stable socio-political environment. Robust stakeholder engagement can identify sustainability issues at an early stage and help companies take appropriate measures to limit business losses. It can lay the ground for identifying market needs and turning them into product solutions.

There has also been a growing global trend of investors, regulators and stock exchanges increasing non-financial disclosure requirements revealing the importance transparency offers to financial markets. Better quality management is a further benefit as public disclosure catalyses more systematic strategic planning and proactive, management of sustainability challenges.

Stakeholder transparency and accountability also protects and improves the company's reputation, fast-tracks permitting and approvals, opens up new business opportunities and builds goodwill. It is essential for gaining a social license to grow. Companies committed to strong practices become a desirable partner and build a foundation for collaboration enabling a viable future for all.

HOW TO DO IT?

Guides are available to help your organization improve its accountability, transparency and engagement practices, such as:



Reporting:

- [Global Reporting Initiative](#)
- [International Integrated Reporting Framework](#)
- [Sustainability Accounting Standards Board](#)

Traceability:

- [Supply Chain Transparency](#)
- [A Guide to Traceability](#)

Stakeholder engagement:

- [Stakeholder Engagement Standard](#)
- [Tomorrow's Relationship Management](#)

Here are a few tips you could follow to enhance your relationships:

- Board and management commit to the importance of relationships, and reflect this commitment in the strategic plan and evaluation and remuneration structure
- Identify the key relationships for the long-term success of the company and understand how value is created by each of the relationships
- Identify what new relationships are needed in the future, based on an understanding of the future business context
- Develop an engagement plan in which you have determined your purpose for engagement and how you plan to use the results
- Implement efforts to improve the most important relationships
- Ensure that the relationships are mutually beneficial and create value
- Develop relationship management capability in staff

Building effective stakeholder relationships will require a new set of leader skills: external collaboration. This [tool](#) lists the foundational and advanced competencies your business leaders will need to excel in stakeholder collaboration.

WHO IS DOING IT?

Natura, a Brazilian manufacturer of beauty, household and personal care products, launched its “Radical Transparency” initiative in 2013 to improve the accessibility of its product information, with the long-term objective to influence consumer choices by educating them about the sustainability impacts of its products. This traceability initiative addresses externalities such as the environmental impacts of sourcing certain ingredients from the Amazon. As part of this effort, Natura launched an online platform, “Co-creating Natura”, where consumers, Natura consultants and employees engage one another directly to share information. The first year of the project was dedicated to data collection shared through the site, which has informed priorities for further transparency in the value chain, including environmental and social impacts as well as health and safety information. The next step will include creating an action plan to ensure that consumers have increased access to the information to build on the company’s theme of Radical Transparency.

[Source](#)

Domtar, a Canadian based paper company, developed The Paper Trail to help give customers more access to the company's paper product information. It is an online tool that provides information on the environmental and social impacts of many of the company's papers. Described as "the only one of its kind in the industry", the paper resource aids customers and consumers in understanding more about paper products and the environmental impacts of their buying choices. It allows users to see the origins of specific Domtar products, together with information about the mill that made the paper including the mill's history, number of jobs it creates, economic impact and specific environmental characteristics. Users can calculate and obtain the precise environmental footprint of their purchasing decisions by entering information about the product of their choice and quantity. The Paper Trail then generates specific information on water, shipping distance, greenhouse gas emissions, waste and renewable energy. For each product, the company provides an analysis of the degree to which they have been successful in environmental management, in addition to details on the challenges and future commitments.

Access more details at this [link](#).

WHERE CAN I GO FOR MORE INFORMATION?

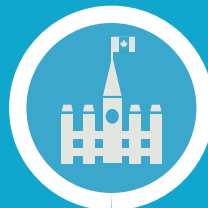
- See Change: How Transparency Drives Performance
http://www.sustainability.com/library/see-change#.VML_S_7F98F
- Six Elements of Effective Transparency, SustainAbility
<http://www.sustainability.com/blog/six-elements-of-effective-transparency#.VO9iZPnF81I>
- The Path to Supply Chain Transparency, a Practical Guide to Defining, Understanding and Building Supply Chain Transparency in a Global Economy, Deloitte
<http://dupress.com/articles/supply-chain-transparency/>
- A Guide to Traceability: A Practical Approach to Advance Sustainability in Global Supply Chains, Business for Social Responsibility and UN Global Compact
https://www.unglobalcompact.org/docs/issues_doc/supply_chain/Traceability/Guide_to_Traceability.pdf
- Making Waves: The Rising Tide of Data for Social Good, BT
<http://www.btplc.com/Betterfuture/news/Makingwaves.htm>
- Trends in External Assurance of Sustainability Reports, Global Reporting Initiative
https://www.globalreporting.org/resource/library/GRI_Trends-in-External-Assurance-of-Sustainability-Reports_July-2014.pdf
- Stakeholder Engagement Standard, AccountAbility
<http://www.accountability.org/standards/aa1000ses/index.html>
- Stakeholder Engagement Primer, Network for Business Sustainability
<http://nbs.net/wp-content/uploads/primer-stakeholder-engagement-101124.pdf>
- Building Tomorrow's Relationships, Centre for Tomorrow's Company (website, report and maturity continuum)
<http://tomorrowscompany.com/tomorrows-relationships>

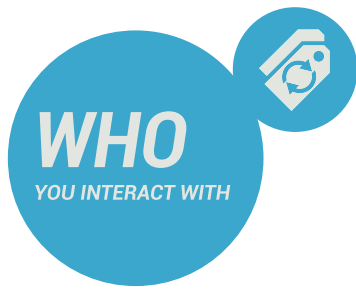
- Stakeholder Engagement: A Road Map to Meaningful Engagement, Doughty Centre, Cranfield School of Management
<http://www.som.cranfield.ac.uk/som/dinamic-content/media/CR%20Stakeholder.pdf>



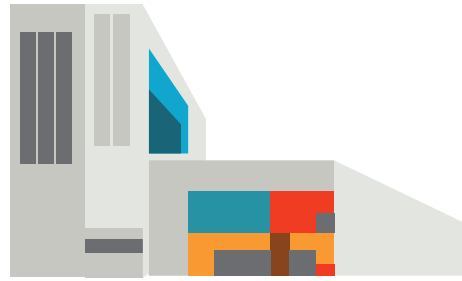
WHO

YOU INTERACT WITH





14: CUSTOMER ENGAGEMENT



Transformational companies enable customers to make informed choices, reduce their lifestyle impacts and make a positive difference through education, engagement and innovative products and business models.

WHAT IS IT?

With humanity in ecological overshoot (exceeding planetary boundaries) and social undershoot (people living with poor quality of life), leading companies take responsibility for the role of their customers in enabling a sustainable society, despite this not being within their direct control. For many companies, the bulk of their sustainability impacts across the life-cycle of their products is associated with consumer use and not manufacturing or sourcing ingredients. Leaders recognize that a sustainable future requires fundamental changes in consumer behaviour across society – their challenge is not just to find new ways of procuring and distributing goods and services more sustainably, but to influence consumers to improve the social and environmental impacts associated with the use and disposal of their products and to contribute to creating a better world.

Of course, business is constantly changing the collective behaviour of the public through their brands and marketing – the way and what we shop, eat and communicate, etc. Transformational companies leverage this marketing power for the good of society. They see two opportunities: 1) on the one hand, they accept the imperative that to enable a growing global population to live with a good quality of life requires a shift to sustainable consumption and lifestyles; 2) on the other, they see the business opportunity in being first to tap the latent consumer demand to buy from companies showing social leadership. The brands that embody these consumer values and aspirations are well positioned to inspire and enable change, while driving market share.

In fact, [research](#) reveals there are over two billion consumers globally (called “Aspirationals”) who are redefining consumption by uniting style, social status and sustainability values. Over one-third of global consumers (40 percent in Canada) identify as “Aspirationals” defined by their love of shopping (93 percent), desire for responsible consumption (95 percent) and their trust in brands to act in the best interest of society (58 percent). Aspirationals are more likely than any other segment to “share” and “make” products rather than buy something new, while technology and social media advances makes engaging them a growing opportunity.

Progressive companies and their brands invest in measures to foster a shift toward more sustainable consumption and influence behaviour change at scale by inspiring and engaging these aspirational consumers. They know that simply offering better products – those that are more effective, safer, socially more responsible and environmentally less harmful – is insufficient and that they have a role to play to encourage customers to adopt more sustainable consumption practices. They help their customers better understand what constitutes a sustainable way of life and how to do their part through their consumption and product use. By enabling customers to make informed choices, reduce lifestyle impacts and make a positive difference, business and their brands can accelerate a shift to sustainable consumption.



Aspirational Consumers Align with Sustainability Values

Positive Influencers: Nine in 10 Aspirational consumers say “I encourage others to buy from socially and environmentally responsible companies” (90 percent), compared to 59 percent of all consumers. 53 percent of Aspirationals would buy more sustainable products if it connected them to a community of peers with shared values.

Responsible Consumers: Nine in 10 Aspirational consumers also say “I believe we need to consume less to preserve the environment for future generations” (95 percent), compared to 69 percent of all consumers, and that they are “willing to pay more for products produced in a socially and environmentally responsible way” (90 percent) compared to 54 percent of all consumers.

With Aspirationals, the sustainability proposition changes from being the ‘right thing to do’ to being the ‘cool thing to do.’ Companies and their brands now have a profound opportunity to harness sustainable product design and societal values to inspire the next generation of commerce and create positive impact in the world.

Source

Unilever conducts customer research to understand how to inspire sustainable living at home

Unilever has a commitment to help more than a billion people take action to improve their health and well-being and to halve the environmental footprint of the making and use of their products as they grow their business. These commitments require they engage their customers in “sustainable” practices. To identify how best to do this, they conducted research into how to motivate sustainable living at home in the UK:

In November 2012, we embarked on the Sustain Ability Challenge, a six-month research study with 12 UK households to understand the barriers, triggers and motivators to inspiring behaviour change towards sustainable living at home. The challenge was developed to address the fact that seven out of 10 people in the UK believed that living sustainably would cost more money. We were curious to see if we could bust this myth through simple, everyday lifestyle changes.

We developed three challenges over the six-month period which focused on different sustainable living areas. The first part of the challenge addressed waste, with the households aiming to reduce their food bills by 15% and household waste going to landfill by 25%. The second part of the challenge turned to water and energy usage, with the households aiming to find the best ways to use less water in the bathroom and when doing their laundry at home. The final part of the challenge focused on sustainable sourcing, during which the households were asked to explore where their food came from and how it was produced.

Each week, the households were given a new task relating to the focus area, with accompanying tools and tips to help them change their related behaviours. We were amazed by the results as at the start of the challenge, nearly half of the households felt they were being held back a great deal from living a more environmentally conscious lifestyle because they felt they couldn’t make much of a difference on their own. By the end of the challenge, NONE of them felt this way!

Not only did households save £22 a week on average on their household bills and expenditure as a result of following the three challenges, they also felt empowered to do more. The key to creating this shift in mind-set was to re-position sustainable living as something exciting, aspirational and beneficial, which we did by applying Unilever’s five levers for behaviour change – a set of principles which, if applied to behaviour change interventions, will increase the likelihood of having a lasting impact. (See page 78 for a description of the five levers of behaviour change.)

Source and Source



Marks & Spencer sets targets to engage customers in sustainability efforts

Aim: Engage one million M&S customers in Plan A (the company's sustainability) activities using a range of online channels by 2015 and three million by 2020. Since 2011, we have engaged over 800,000 customers in a wide range of online Plan A activities, designed to help them live more sustainably (although some customers may have taken part in more than one activity). These included our Shwopping Facebook App for clothes recycling, taking a virtual tour of our new Cheshire Oaks Sustainable Learning Store, online GreenRedeem vouchers, Big Butterfly Count submissions, registering for the Big Beach Clean-up, making Plan A (sustainability) Pledges as well as receiving advice about reducing food waste and leading healthier lifestyles.

Aim: Run a continuous programme of Plan A marketing communications, to encourage customers to take action. Throughout this year, we ran Plan A communication campaigns on a range of issues. These included our Shwopping clothes re-use and recycling scheme and other efforts.

Aim: From 2015 onwards we will work with key external stakeholders to define best practice on promoting and marketing healthy food and will have trialled key outcomes by 2017. In order to start developing our plans we partnered with The Guardian newspaper to run a conference event on the best ways to promote healthy food and lifestyles.

Source

WHY IS IT IMPORTANT?

A growing and urbanizing global population is driving uncertainty in raw material prices and security of supply. Empowered by technology and social media, the next generation of consumers is becoming more vocal and demanding. To address these risks and opportunities forward thinking companies develop product, brand and marketing strategies to inspire customers to adopt sustainable lifestyles, believing this will strengthen their future social license to grow. They invest in measures that tap into the new paradigm shift in consumer values to drive competitive advantage while fostering positive social impact.

Companies that adopt this approach strengthen customer relationships and create networks of advocates and brand ambassadors that their competitors will be unable to rival. This results in:

- Competitive advantage and differentiation
- Deeper brand loyalty and trust
- Increased market share and new segment access

The opportunity is to move beyond one-off transactional customer relationships to develop deeper connections – especially with Aspirationals – through universal human aspirations for purpose, belonging, voice, status, participation and impact. Ultimately, customers will come to believe that society is better off if they do business with the company. By creating social purpose customer movements, transformational companies create business growth and a better world.

Consumer social values

Research shows that global consumers consider a company's social and environmental commitment before making the following important decisions:

- 87% what to buy or where to shop



- 85% which products and services to recommend to people
- 85% what companies they want to see doing business in their community
- 81% where to work

Source

HOW TO DO IT?

Customer sustainability engagement is an emerging practice for companies, so there are few models to follow. Many of them, like Unilever described earlier, conduct R&D to determine how to engage customers on sustainable practices and build their strategies around their findings.

Here are some ideas for you to consider in developing your customer engagement strategy (many from these two sources [link](#) and [link](#)):

1. Determine the business drivers for customer engagement, such as brand differentiation, customer experience or innovation. The business case must show a 'strategic fit' with the value drivers your company is currently prioritizing.
2. Choose the behaviour you want to change. To do this, understand the top opportunities for mobilizing customer behaviour change by identifying the biggest social or environmental impacts in product use and disposal. You might choose your target behaviour based on consumer perception, stakeholder importance or a desire for competitive differentiation.
3. Get product developers, marketers and sustainability experts together with external experts to brainstorm opportunities. Adopt a change model, such as the five levers of change in the diagram below. Tactical opportunities include campaigns to encourage more sustainable behaviours, changing the product or packaging, providing the infrastructure to enable sustainable behaviours, or normalizing sustainable behaviours. Consider creating an affinity customer engagement platform that:
 - Gives customers something to believe in.
 - Gives them a community to belong to.
 - Amplifies customers' voice as co-creators.
 - Gives them social status and something to share.
 - Gives them opportunities for participation and impact.
4. Conduct market research, crowd-source ideas and pilot your tactics to discover which of these benefits your customers will enjoy by changing their behaviour.
5. Implement and scale your engagement strategy. Measure results and improve as you go.

Five Levers for Behaviour Change

To foster behaviour change you need to systematically identify: Barriers – what are the things that stop people from adopting a new behaviour? Triggers – how could you get people to start a new behaviour? Motivators – what are the ways to help them stick with the new behaviour? Next, take those insights and consider how to inspire the change that's needed using each of these Five Levers for Change:



Five Levers for Behaviour Change



Source

Normalize it – IKEA's catalogue includes LED lights, water saving faucets and waste sorting solutions which they call "good for you and good for the planet". Catalogue pictures show how the company's storage solutions can promote recycling: "When it comes to recycling, every itty-bitty thing adds up. So here's a place to sort the small stuff, such as compostable cotton balls."

WHO IS DOING IT?

B&Q is the UK's largest home improvement retailer, serving 3 million customers every week. They provide customers environmentally friendly products and advice on how to reduce the impacts of their home or do DIY the greener way. All store staff are trained in helping customers choose sustainable options. More details at this [link](#).

Approximately 500,000 tonnes or 1 billion items of clothing are dumped in landfills annually in the UK (114,000 items an hour). To help reverse this trend **Marks & Spencer** (M&S), a British retailer, launched a "shwopping movement" with a vision to engage customers in driving a clothes recycling revolution and reduce waste to landfill. Customers are encouraged to put their old items (from any retailer) into a 'Shwop Drop' box located by M&S tills. The clothing goes to Oxfam which resells it, forwards it to those in need in the Third World, or recycles the fibres to make new material. Oxfam uses the money raised to help people around the world overcome poverty. Additional details available [here](#).

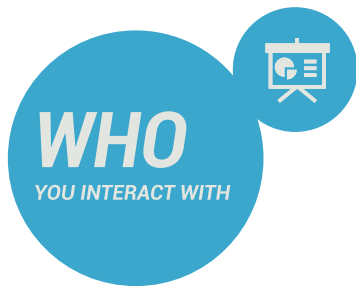
WHERE CAN I GO FOR MORE INFORMATION?

- The Business Value of Changing Consumer Behaviours, Futerra and Business for Social Responsibility
http://www.futerra.co.uk/wp-content/uploads/2013/09/Sustainable-Lifestyles-Frontier-Group-Value_Gap.pdf



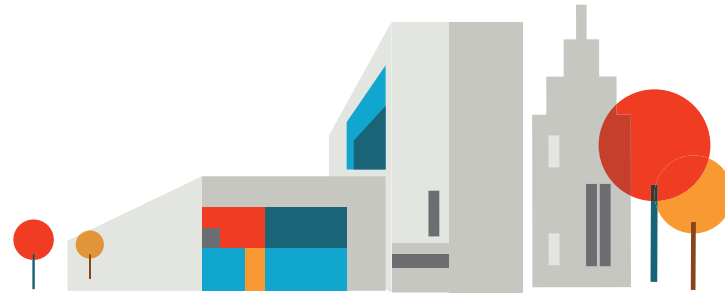
- Business Case Builder – Taking Sustainability to Market, Futerra and Business for Social Responsibility
<http://business-case-builder.com/>
- Consumer Behaviour Change (Focused on emerging economies but generally relevant)
http://eightsustainability.com/docs/Emerging_Economies.pdf
- Expert Insights into Consumer Behaviour and Unilever's Five Levers of Change
http://www.unilever.com/images/slp_5-Levers-for-Change_tcm13-276807.pdf
- Five Secrets to Engaging Aspirational Consumers, Mitch Baranowski and Raphael Bemporad
<http://www.fastcoexist.com/3030156/5-secrets-to-engaging-aspirational-consumers>
- Driving Social Change: Best Practices for Business Leaders and Social Entrepreneurs, Network for Business Sustainability
<http://nbs.net/wp-content/uploads/NBS-Executive-Report-Social-Change.pdf>
- Aspirational research, GlobeScan and BBMG
<http://theaspirationals.com>
- Conference Board of Canada webinar on sustainable consumer engagement, profiling Futerra and HP's approach ([link](#)). Contact publications@conferenceboard.ca and quote CBSR to see if you qualify for free or discounted access.





Transformational Company Quality

15: INDUSTRY STANDARDS



Transformational companies collaborate within their industry – including with competitors – as well as across sectors to encourage systemic industrial change.

WHAT IS IT?

A growing global and urbanizing population will place considerable demands on the social and environmental systems we depend on for our quality of life. While some of these pressures might be felt elsewhere, such as in emerging markets, Canadian businesses with global supply chains will be affected, as will their customers. Leading companies realize that to enable nine billion people to live well on the planet by 2050 (an additional two billion people) will require that they collaborate with other businesses in their sector to improve the social and environmental context in which they operate.

These companies are initiating and joining business-to-business (B2B) partnerships and collaborations to address systemic challenges across whole markets and industries, for example to set up reverse logistics for clothing and textiles take-back. By shaping the context in which they compete and thrive, leaders achieve their sustainability goals, but better, faster and more efficiently. By working together to advance their sectors on sustainability issues, companies can put everyone on a path to a brighter future – and then innovate to win on that path!

Sprint works with standards organization and government to create new standards

In an effort to transform the cell phone industry's standards for environmentally responsible green phones, Sprint worked with the Underwriters Laboratories Environment (ULE) and the Electronic Product Environmental Assessment Tool (a U.S. government resource) to create new standards for suppliers and purchasing. "We wanted to market green mobile phones but understood that we can't self-assess our own devices and have credibility with consumers," says Amy Hargroves, director of corporate responsibility and sustainability at Sprint. "People should question green labels or claims that are not third-party certified. We needed a credible partner with scientific testing capabilities to give our standards meaning."

Sprint is currently expanding the standards to new areas such as tablets. "So, this is a repeatable model," Hargroves says.

Source



WHY IS IT IMPORTANT?

It is challenging for businesses to move forward on sustainability if they act independently. Individual organizations can provide influence but it often takes industry collaboration to make substantial progress on important large-scale and industry-wide issues. By addressing and overcoming sustainability barriers common to the industry, companies can realize economies of scale and contribute to a healthy society and environment today and in the future.

Through collective effort, business can generate industrial scale changes, shape their operating context and create a level playing field to enable further sustainability progress for the entire sector. By collaborating to change the rules of the industry to enable sustainability progress, business is better able to pre-empt regulatory action and normalize sustainable behaviour in their supply chains and markets. Through the critical mass of collective industry effort, companies can accelerate customer education, supplier development and policy influence. Where free-rider problems limit companies' incentives to invest, collaborative action is a viable alternative.

A top driver of industry collaboration is to harmonize internal and external voluntary standards to benefit suppliers, companies and customers alike. There is an overwhelming plethora of industry standards and eco-labels, creating confusion up and down the value chain. For example, there are well over [450 eco-labels](#) and [150 industry sustainability standards](#), and more in the pipeline. Through standards harmonization, companies can build confidence in their sector, overcome barriers and accelerate innovation.

These are additional benefits companies can achieve by leading and mobilizing sector collaborations to encourage systemic industrial change and set and normalize common industry sustainability standards:

- Gain access to expertise, competencies and perspectives
- Meet stakeholder demands, enhance brand and build license to operate
- Extend reach and influence with customers, suppliers and governments
- Share and reduce risk and costs
- Enable product and service innovation through cross-fertilization of ideas and joint venturing
- Build competitive advantage

Early-adopter companies (transformational companies) will build up confidence and experience in collaborative working arrangements – those who do will be best placed to shape and leverage collaborations for a market leadership position.

The North Face Develops and Shares a “Responsible Down Standard”

The North Face initially developed a “Responsible Down Standard” (RDS) in collaboration with the non-profit group Textile Exchange and certification specialist Control Union Certifications. Once complete, The North Face “gifted” the standards to Textile Exchange for further refinement. “When we set out to develop the RDS, we knew that in order to truly succeed we had to create something that was global, open and adaptable,” says Adam Mott, director of sustainability at The North Face.

Source: [Ethical Corporation January 2015 Issue](#)

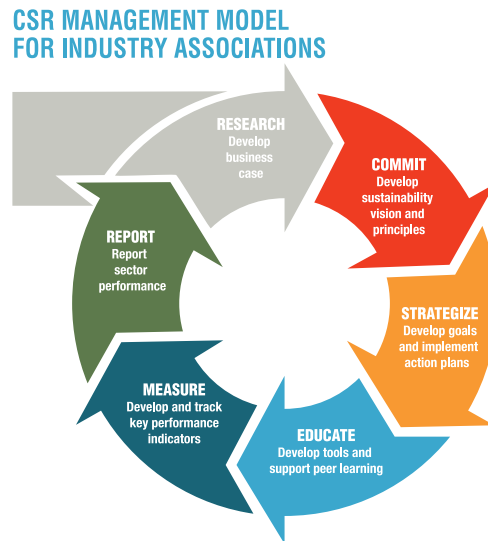
HOW TO DO IT?

There is no single roadmap for developing a sustainability collaboration to set industry standards and



encourage systemic industrial change. The approach will vary based on the purpose and intent of the collaboration. A general process includes bringing parties together, creating mutual understanding, finding common ground, conducting R&D to define and analyse sustainability risks and opportunities, determining a vision for a sustainable sector, setting baselines, goals and targets and implementing and refining plans.

Increasingly, transformational company leaders champion the development of industry sustainability programs through their sector associations. They tend to follow the steps in the figure below:



Often, industry groups develop systems maps to document wider influencers, core decisions and relationships, physical flows and product impacts in order to understand the broader context, identify potential stakeholders, and prioritize leverage points for change. There is a systems map on page 10 of The BPC Summit Summary report, which is a good example of this: [link](#).

Industry collaboration mandates

The following is a list of actions industry collaborations tend to pursue:

- Educate and share best practices
- Exchange supply chain, product and operational data and technical information
- Develop tools and resources
- Create and adopt voluntary industry standards
- Develop certification, accreditation and verification procedures
- Advocate for sustainability regulation and policy change
- Engage suppliers and build supplier capacity
- Engage citizens or consumers on sustainability issues
- Engage investment community on sustainability
- Pilot and experiment
- Co-develop products and services
- Co-invest in infrastructure

BASF Hosts Summit to Catalyze Sustainable Innovation in the Chemical Industry

In early 2015 BASF hosted a 1.5 day Summit (“Steering a Portfolio Toward Sustainability”) with 150 chemistry industry stakeholders – including customers and competitors – the purpose of which was to map the landscape in which companies and organizations are operating, explore common concerns and identify where corporate stakeholders can bring better options to consumers.

To kick off the meeting, BASF shared its approach to developing sustainability products, followed by competitors (AkzoNobel, DSM and Dow) who shared their sustainability frameworks for measuring and managing their own portfolios. This was followed with a discussion to assess the similarities and differences and test interest in, and benefits of, harmonizing approaches. Afterwards customers (Henkel, Nestle, BMW Group and Siemens) shared their own approaches to tracking sustainability within their portfolios — each had unique methodologies but agreed in the value of the exercise. Three NGOs (Sustainable Brands, Forum for the Future and The Natural Step) then led afternoon breakout workshops reflecting customers, the financial community and NGO/political needs, respectively, after which they reported back to the group on key takeaways. At the end of the session the participants agreed to the strategic imperative and immediate value of the exercise and delivered a handful of key guidelines for those who would take the initiative forward. These included:

- Focus on harmonizing a framework for the chemical industry first
- Keep it simple but flexible
- Make sure it reflects positive value creation across financial, environmental and social axes, as well as negative footprints or costs along these same lines
- Help create a common language

The participant community as a whole agreed such an initiative, if successful, would help all involved drive to a sustainable economy faster and more efficiently. The event concluded with a call to action to establish a new working group to pursue the initiative further.

Source

Critical success factors

Successful industry collaborations usually possess these characteristics:

Internal

- The initiative is aligned with the corporate goals of the business
- There is executive – perhaps even Board – level commitment
- Collaboration skills exist (e.g. there is a track record of success with internal collaboration)

Partners

- Contacts at the collaborating companies are empowered to make decisions and marshal resources
- Care is taken to ensure the collaborative venture does not breach any rules or codes of competition by following anti-trust guidelines (see “Anti-Trust Guidelines” below) or working at pre-competitive stages
- All companies are committed to the project; there is a shared purpose, common goals and mutual objectives
- Information is transparently exchanged
- A clear and prioritized list of deliverables is agreed to; long term system-wide goals are set along with short-term quick wins to build momentum

Anti-trust guidelines

It is important not to breach anti-trust and competition rules. Here are some Anti-trust Guidelines adopted at the Walmart-Target 2014 Beauty and Personal Care Product Summit (see “Who is Doing it” below). All aspects of the Summit were carried out under the Guidelines:

Participants must avoid any discussion of the following subjects in order to avoid even an appearance of impropriety:

- Do not discuss current or future prices, price quotations or bids, pricing policies, discounts, rebates,



- or credit terms
- Do not discuss cost information such as production costs, operating costs, or wage and labour rates
- Do not discuss profits or profit margins, including what is a “fair” profit margin
- Do not discuss allocating markets, territories, or customers
- Do not discuss current or future production or purchasing plans, including plans to take facility downtime, production quotas, or limits on output
- Do not discuss refusing to deal with any suppliers, customers, or competitors (or any class or type of suppliers or customers)
- Do not require or pressure any supplier, customer, or competitor to adopt any particular actions or policies.
- Never agree on any aspect of future pricing or output

Source

Sustainable Industry How-to Guide

Here is a guide your company or your industry association can use to develop a sustainability initiative with your sector peers: [link](#). It includes ten steps to developing an industry sustainability program, among other topics.

WHO IS DOING IT?

Heathrow Airport established a B2B collaboration in 2010, called Heathrow Sustainability Partnership, focused on the sustainability of the airport. The partnership brings together 15 companies from a diverse range of sectors including airlines, retailers, construction companies, food service providers, and car rental businesses. Together, the companies represent about three-quarters of all staff working at Heathrow. An employment and skills academy for construction, logistics and aviation was established in its pilot year and Heathrow now boasts the world’s largest employee car-sharing scheme.

Source

Target and Walmart co-hosted a Beauty and Personal Care Products Summit in Chicago in September 2014, to bring together key players in the Beauty and Personal Care (BPC) industry to accelerate product sustainability. The goal was to build the case for action and prioritize opportunities for collective effort. Pre-conference research entailed a survey and in-depth interviews of conference participants and other experts to design a map of the “BPC system”. (See earlier reference to systems map for the result of this effort.)

Summit participants reviewed and revised the value chain map and used these discussions to identify actionable work streams.

Three topic areas for exploration during the conference emerged:

- priority chemicals and transparency
- waste and packaging
- consumer behaviour

Participants took a systematic approach to the whole industry in small groups and plenary sessions and discussed barriers to change and ideas for collaborative action. By framing the discussion around



the systems map, participants were able to make alterations and create connections between issue areas. Within the issue area tracks, participants developed “Areas for Opportunity”. The Summit yielded nine ideas for further action and attendees signed up for the issues they wished to continue working on after the event via teleconference and work streams.

Since the Summit, organizers further investigated the nine innovation ideas, focusing on areas where pre-competitive work with more than one player in the wider system will create the most sustainability benefits, and checking that they are not duplicating existing efforts. Three ideas were prioritized from this review:

- Streamlined information-sharing across the value chain
- Science-based assessment criteria for evaluating product sustainability
- Pre-competitive development of new preservatives

As each idea is developed and taken forward, the ambition is that it will be adopted and driven by different players in the supply chain to drive sustainable innovation and benefit all the players and customers.

Summit working group participants are now working with **Target, Walmart** and the NGO organizer (Forum for the Future) to refine the scope of each work stream and set out a plan for the initiative as a whole (called BPC Innovation Accelerator). A wide group of industry stakeholders will provide input by email and phone interviews, and working group participants will then be invited to an in-person convening to offer feedback on the proposed plan for their respective work stream. The industry collaboration will build from there.

[Source](#) and [Source](#)

Here are two additional case studies in which companies have championed the development of industry collaborations and standards, both involving **The Coca-Cola Company**:

- [Coca-Cola](#) adopts a goal to set the industry standard for sustainable packaging and collaborates with **Ford Motor Company, Heinz Company, Nike Inc.** and **Proctor & Gamble**
- **Coca-Cola, Unilever** and **McDonald's** collaborate on [Refrigerants, Naturally!](#)

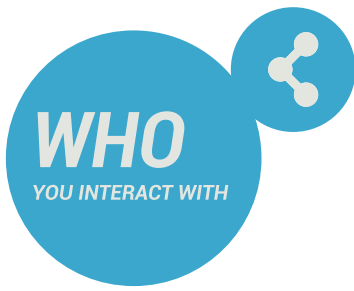
WHERE CAN I GO FOR MORE INFORMATION?

- Collaborating for a Sustainable Future, GlobeScan/SustainAbility
<http://www.sustainability.com/library/collaborating-for-a-sustainable-future#.VMK6bP54rYg>
- Industry Association Guide to Developing Sustainability Programs for Members, Strandberg Consulting
<http://corostrandberg.com/publication/roadmap-to-sustainability/>
- Corporate Responsibility Coalitions: The Past, Present, and Future of Alliances for Sustainable Capitalism, David Grayson and Jane Nelson
<http://www.greenleaf-publishing.com/productdetail.kmod?productid=3764>



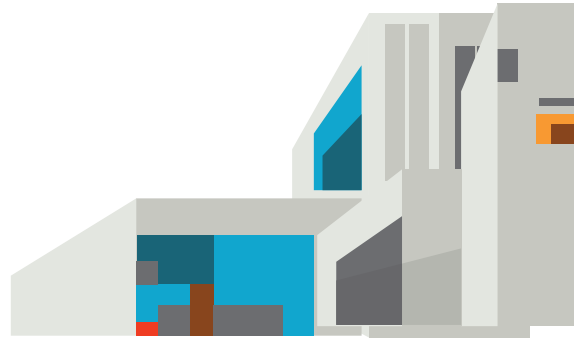
- Conference Board of Canada webinar on industry collaboration for sustainability profiling the work of the Retail Council of Canada and Loblaws ([link](#)). Contact publications@conferenceboard.ca and quote CCSR to see if you qualify for free or discounted access.





Transformational Company Quality

16: MULTI-STAKEHOLDER COLLABORATION



Transformational companies lead and participate in multi-stakeholder collaborations to address and overcome systemic barriers and challenges.

WHAT IS IT?

Today's organizational and societal challenges are too big and complex to be addressed by companies acting alone. Systemic problems, such as rising income inequality, unemployment, ageing, talent shortages, obesity, water and resource scarcity and climate change will affect the viability of business and society and generate large scale issues requiring holistic and collaborative solutions. Corporate success is achieved within the context of a healthy, functioning ecological and social system – and can only be realized when multiple actors pool their capacities, expertise, knowledge, skills, networks and resources to achieve shared objectives. Leading companies understand that interdependencies create mutual reliance in which collaboration is necessary for progress and that multiple perspectives are essential to fully understand and address complex problems and their opportunities. They harness the complementary roles of the private, public and non-profit sectors to understand the significance and implications of sustainability trends and how these trends can be successfully navigated through broad collective action.

To enable positive, sustained change at a meaningful level, transformational companies work with diverse stakeholders, including suppliers, customers, governments, academia, competitors, industry associations, non-profit organizations and non-governmental organizations (NGOs), and others, in order to properly tackle challenges and discern opportunities. Multi-stakeholder collaboration involves bringing organizations together over shared challenges so the relationships necessary to create, accelerate and scale system-level solutions can be forged. Innovating with multiple stakeholders requires ensuring all parties gain value from it.

"Our approach to sustainability forms a cycle: we set aspirational goals; find collaborators, especially among our 200,000 partners, who can share their expertise and amplify our efforts; create innovative solutions; and use what we've learned to inform our next steps. With each revolution of the wheel, we expand our impact and engage our customers and partners in the journey."

~Starbucks ([Source](#))

Leading companies are not bystanders to destabilizing social and environmental trends. These companies realize that they need to change the risk vectors at the source in order to avoid material risks to their corporate strategies and long-term futures. Rather than manage to scenarios of flat or declining business prospects, leading companies initiate, lead and champion multi-party efforts to confront sustainability challenges through collaborative effort. Companies positioning as for-benefit businesses tackle these intractable systemic problems as core to their social purpose.



WHY IS IT IMPORTANT?

Initiating, leading and participating in multi-stakeholder collaborations is an imperative for a business seeking to enhance long-term viability. Companies must reach out to others to help participate in and influence the social context in which they and their stakeholders operate and live. These are some of the benefits that await:

- Access external resources and expertise
- Share and reduce costs and risks
- Safeguard future supply of raw materials
- Build social license to operate and grow
- Enhance reputation and brand
- Create new products, markets and supply chains
- Attract and keep employees
- Avoid government regulation
- Maintain long-term business continuity

Most importantly, diverse sectors bring unique capacities which can be leveraged for mutual success. Non-profits, for example, can bring knowledge of the issues they work in, longer time horizons, start-up funding and credibility with sceptical groups. Governments bring scientific knowledge, incentives and policy tools to create an enabling environment. Academic institutions possess research and knowledge development capacity. Industry peers and competitors can contribute resources, knowledge and shared value chains. All have influence and channels to networks with the power to scale and accelerate more sustainable systems and business models.

HOW TO DO IT?

Key steps to launching a multi-stakeholder collaboration include:

- Internal assessment: identify the capability and readiness of your organization for collaboration

Conduct internal research to establish a fact base, deconstruct the issue, understand root causes, identify departmental leads and champions and research the stakeholder constellation. Breaking down the issue into chunks will help to identify natural internal owners and external partners. Prepare a business case and benefits analysis, determine the resources your company can bring to the issue, including dedicated personnel and secure executive level commitment.

"By working with non-governmental organizations, policy makers, competitors, our industry associations and others, we can tackle common challenges. We are helping advance a number of meaningful food packaging initiatives that will have a significant impact on the entire industry, such as analysis of the way our packaging "flows" through recycling facilities and where it eventually ends up, along with an assessment of the causes of current gaps in recycling services for our products in neighbourhoods around the US and Canada."

Starbucks ([Source](#))



- Stakeholder recruitment: determine and recruit collaboration partners

Consider how to get the system in the room and ensure every relevant stakeholder group is included in the process. Finalize your list of who should be involved. Determine the stakeholder value proposition and prepare a plan to secure their active engagement. Recruit people in a position to make decisions for their organization.

The Philips Center for Health and Wellbeing runs multi-stakeholder think tanks on Livable Cities and Active Aging.

Source

- Vision governance: develop objectives and organizational structure

Develop a common vision, mission and objectives, ensuring that there is shared purpose, alignment of motivations and mutual benefits to be realized from the collaboration. Build agreement on goals, milestones, and measurable indicators of success. Develop a management structure that sets out roles and responsibilities, procedures for issue resolution, accountabilities and decision rights to achieve the collaborative objectives. It is important to collectively determine the rules of engagement, including access to information, confidentiality, and external communication protocols. Some collaborations pre-determine exit strategies for disengagement to ensure future separation is mutually respectful.

The Role of Backbone Organizations

Effective backbone support is a critical condition for collective impact. Backbone organizations are often essential to sustain and scale long-term systemic change and impact. Typically they:

1. Guide vision and strategy
2. Support aligned activities
3. Establish shared measurement practices
4. Build public will
5. Advance policy
6. Mobilize funding

Here is a resource to help you understand the value of backbone organizations in multi-stakeholder collaborations and collective impact: [link](#).

- Deliver: resource and implement a work plan

This step may involve conducting additional research, sharing best practices, identifying challenges and opportunities and prioritizing collective action. Develop a detailed plan and secure the resources for its implementation. Monitor, measure and report on progress and celebrate success. Include the goals of the collaboration in your corporate strategy and align incentives around their achievement.

Be aware that multi-stakeholder collaboration is not easy. It takes times, resources, leadership commitment and a long-term perspective.

M&S has set a goal to quantify and report on the wider benefits from their social and environmental partnerships by 2016.



WHO IS DOING IT?

Click [here](#) for an example of a company initiating multi-stakeholder collaborations to tackle system issues in its value chain.

WHERE CAN I GO FOR MORE INFORMATION?

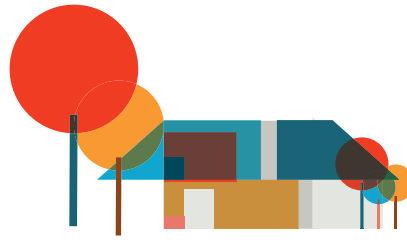
- Collaborating for a Sustainable Future, GlobeScan and SustainAbility
<http://www.sustainability.com/library/collaborating-for-a-sustainable-future#.VMK6bP54rYg>
- Joining Forces: Collaboration and Leadership for Sustainability, MIT Sloan Management Review, The Boston Consulting Group and the UN Global Compact
<http://marketing.mitsmr.com/PDF/56380-MITSMR-BGC-UNGC-Sustainability2015.pdf?cid=1>
- Shaping the Future: Solving Social Problems through Business Strategy, McKinsey
<http://cecp.co/research/benchmarking-reports/thought-leadership/shaping-the-future.html>
- Corporate Responsibility Coalitions: The Past, Present, and Future of Alliances for Sustainable Capitalism, David Grayson and Jane Nelson
<http://www.greenleaf-publishing.com/productdetail.kmod?productid=3764>
- Partnership Brokers Association
<http://www.partnershipbrokers.org/>





Transformational Company Quality

#17: FINANCE COMMUNITY ENGAGEMENT



Transformational companies engage the financial community, including investor shareholders, bankers, insurers, bond-rating agencies and accountants on the opportunities and benefits of sustainable business models.

WHAT IS IT?

Currently, the financial and accounting system that underpins our economy focuses on short-term financial metrics and does not adequately reflect the dependency of our economic success on the health and stability of our communities and the natural environment. The financial community is beginning to recognize that long-term value relies on an understanding of the interdependency between financial, social, natural and other factors. However, while awareness of these issues is growing, many mainstream investor practices go unaltered.

About 30 percent (\$21 trillion; \$1 trillion in Canada – expressed in USD) of [globally invested assets](#) (specifically Europe, the United States, Canada, Asia and Australia) align with environmental, social and governance (ESG) considerations. While this shows progress, it still represents a minority investment perspective. To accelerate this shift, transformational companies proactively engage their financial stakeholders, including investors, bankers, insurers, bond-rating agencies and accountants, on the benefits of pursuing sustainable business models. Rather than accept a narrow, short-term focus, transformational companies drive change within the financial sector, bringing forward evidence that sustainability and shareholder value go hand in hand and can attract long-term investors. Some even create financial offerings, such as green bonds, to draw sustainability-minded investors and capital to the company.

Leading companies demonstrate how the effective management of all resources or capitals on which they rely or have an impact links to value creation over time. (The International Integrated Reporting <IR> Framework, for example, refers to six forms of capital, namely financial, manufactured, intellectual, human, social and relationship, and natural.) To this end, leading companies adopt accounting or reporting models, such as [Environmental Profit and Loss Statements](#), [Natural and Social Capital Accounting](#) or [Integrated Reporting <IR>](#) to help identify and manage risks, inform corporate strategy and communicate the long-term viability of their sustainable business models to the financial community.

Transformational companies lead and join efforts to engage the investment chain to shift perceptions, explore disconnects and pursue initiatives in order to increase the flow of capital towards sustainable companies, including their own. They pursue collective measures to catalyse action by the finance, accounting and investor community to support a move towards resilient business models and a sustainable economy. They sponsor efforts that will create an enabling environment to accelerate the transition to better informed and sustainable capital markets.



I think the best step transformational companies can take is to explicitly abandon shareholder primacy – maximizing shareholder return – as their primary purpose. In its place they should express the corporate purpose in terms of providing a rate of return to all its stakeholders – including future generations.

Bob Walker, Vice President Ethical Funds & ESG Services, NEI Investments

Note: “Accounting for Sustainability” resources were used to develop this finance community guidance. See “Where can I go for more information” section below for details.

WHY IS IT IMPORTANT?

Investor pressure for short-term financial results often discourages businesses from building and investing in longer-term value creation. By focusing on short-term profit maximization businesses tend to overlook important medium- to long-term risks and opportunities that will affect both business and societal value in the coming decades. They are also more inclined to bypass business opportunities otherwise available through harnessing emerging trends. By proactively engaging the financial community on the benefits of integrated thinking and sustainable business models, transformational companies foster a paradigm shift toward resilient business models necessary to create a sustainability transition. [Research](#) shows that companies that focus on long-term strategy are more likely to attract investors with similar time horizons, whereas companies that focus on short-term strategies and communications tend to have a short-term oriented investor base, and tend to have a higher stock price volatility.

By actively engaging with the investment community in this way, transformational companies may benefit from an improved reputation and brand and enhanced employee morale and pride. Going forward the following benefits may also become more likely:

- Improved access to, and more affordable, capital
- Preferred rates and premiums from bankers and insurers
- Fewer shareholder resolutions seeking ESG disclosures and performance

HOW TO DO IT?

Don’t wait for your investors to ask the right “sustainability” questions. Instead, explain to current and potential investors how material sustainability matters can drive or diminish value over time. Demonstrate the connections to strategy, risk management, business opportunities and long-term value creation and show how these connections offer competitive differentiation, pre-empt regulation, enhance productivity and grow the business. Consider focusing on your major long-term shareholders by engaging them in a dialogue on the benefits of your long-term sustainability approach and communicating your strategies for longer-term growth and related metrics.

Provide context through qualitative and quantitative information on emerging trends and their connections to, for example, revenue growth, cost reduction and risk management. Break down the silos of traditional reporting to illustrate how the Board and management think holistically about value for the organization and for others. Don’t present sustainability as a standalone issue but include



sustainability information into mainstream investor communications showing how it is an integrated part of corporate strategy.

Consider pursuing the following ideas:

- Where human, natural and other capitals have a material effect on strategy and value creation, include this information in the annual or integrated report, annual meetings, press releases, investor relations section of the website, investor road shows and analyst calls
- Build systems and metrics that track the financial benefits (and natural and social capital value) of sustainability initiatives and investments and, where material to value creation, include this information in your annual or integrated report; where available follow international measurement protocols (e.g. [WRI GHG protocol](#), [Global Reporting Initiative](#), etc.) so investors can compare investments and make informed decisions
- Promote the development and uptake of accounting and reporting frameworks that support stable capital markets and sustainability
- Reduce or eliminate the practice of issuing quarterly financial targets and earnings guidance and instead release long-term targets and guidance (or do both as a transitional measure)
- Work to increase the proportion of longer-term shareholders on the share register
- Include sustainability considerations in your corporate pension fund, if you have one
- Offer a green or social bond to attract sustainability oriented investors to your company

WHO IS DOING IT?

Unilever issues first green bond in its sector – press release:

London/Rotterdam, March 19th 2014.

Unilever announced today the issuance of the first ever green sustainability bond. The £250,000,000 2% per cent Fixed Rate Notes due 19 December 2018 are issued by Unilever PLC and guaranteed by Unilever N.V. and Unilever United States, Inc.

Unilever's green sustainability bond is the first green bond in the sterling (UK) market, and the first by a company in the "fast-moving consumer goods" sector.

Jean Marc Huet, Unilever's Chief Financial Officer, explains: "We have a clearly defined ambition in Unilever, articulated by our Sustainable Living Plan. By issuing our first Green Sustainability Bond, our intention is to invite investors to support our vision for sustainable growth, while investing in the Unilever credit."

Source

Click [here](#) to read about **Aviva's** efforts to change the financial paradigm of stock exchanges around the world. Aviva is a UK-based insurance and investment company.

PUMA, a global sports apparel brand, pioneered and released its first Environmental Profit and Loss Statement (EP&L). [Read](#) the story.

When **Unilever** decided to end traditional quarterly earnings guidance, it found that having a board member who understood the corporate (sustainability) strategy and could explain it to key investors was invaluable ([source](#)).

Here is a description of Unilever's efforts to attract long-term investors: [link](#).

Apple CEO challenges profit maximizing shareholder

During Apple's annual shareholder's meeting in February 2014, CEO Tim Cook rebuffed a representative from the National Center for Public Policy Research that asked the company to disclose the costs of its sustainability programs, such as solar energy facilities, and to embrace a corporate policy that focused on profits above all else. The representative asked Cook about the impact of the company's renewable energy programs on its bottom line, and also asked Cook to commit to only undertaking projects that were explicitly profitable.

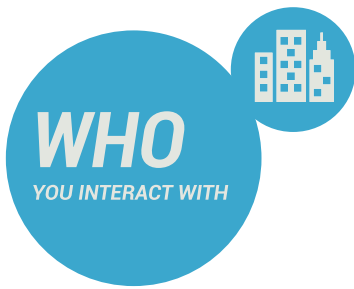
The CEO replied that there are many things Apple does because they are right and just, and that a return on investment (ROI) was not the primary consideration on such issues. "When we work on making our devices accessible by the blind," he said, "I don't consider the bloody ROI." He said the same thing about environmental issues, worker safety, and other areas where Apple is a leader. Finally, Cook looked at the questioner and said "if you want me to do things only for ROI reasons, you should get out of this stock."

Source

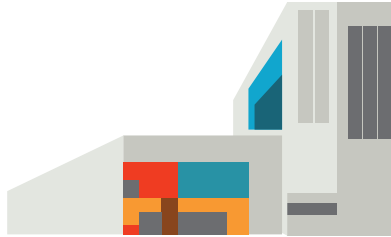
WHERE CAN I GO FOR MORE INFORMATION?

- The Accounting for Sustainability Project (A4S) is a UK-based organization with a global mission to work with the accounting and finance community to demonstrate the business case, increase engagement and build capacity to drive behaviour change that results in sustainable business practices; develop practical tools, guidance and approaches that enable environmental, social and economic risks and opportunities to be reflected in decision-making; and facilitate the creation of an enabling environment for change through a shift to sustainable capital markets, and supportive regulatory and reporting regimes. www.accountingforsustainability.org
- The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. Together, this coalition shares the view that communication about value creation should be the next step in the evolution of corporate reporting. The IIRC is the global authority on Integrated Reporting <IR>. Its long-term vision is a world in which integrated thinking is embedded within mainstream business practice in the public and private sectors, facilitated by <IR> as the corporate reporting norm. The cycle of integrated thinking and reporting, resulting in efficient and productive capital allocation, will act as forces for financial stability and sustainability. www.theiirc.org
- "Enhancing Investor Engagement: A Practical Guide for Investor Relations Teams to Engage on the Drivers of Sustainable Value", Accounting for Sustainability
<https://www.accountingforsustainability.org/wp-content/uploads/2014/12/A4S-Investors-December-2014v2.pdf>
- Systematic Review: Bringing Long-term Thinking into Business, Network for Business Sustainability
<http://nbs.net/knowledge/strategy/long-term-thinking/systematic-review/>
- Systematic Review: Measuring and Valuing Social Capital, Network for Business Sustainability
<http://nbs.net/knowledge/stakeholder/social-capital/systematic-review/>
- Conference Board of Canada webinar on the role of the Chief Financial Officer ([link](#)). Contact publications@conferenceboard.ca and quote CCSR to see if you qualify for free or discounted access.





18: PUBLIC ENGAGEMENT



Transformational companies promote sustainability and sustainable lifestyles to the public.

WHAT IS IT?

Global mega-forces are changing the context in which business and society can succeed and thrive. Climate change, the growing gap between the rich and the poor, and food, water and resource scarcity are some of the challenges business and society will increasingly face in the coming decades. Forward-thinking businesses choose to not stand idly by, but to use their influence to affect positive social change – for some this includes mobilizing the public to adopt sustainable lifestyles and become sustainability informed champions. The more the public chooses sustainable behaviours, the more resources will be available to fuel future sustainable consumption, the less need there will be for regulation and the greater the likelihood that nine billion people can live well within natural planetary limits by 2050.

Companies have the power to help people get active, eat healthy foods, dispose of consumer products properly, use less energy and generally live more sustainable lives. Knowing this, transformational companies find ways to excite and inspire citizens to adopt sustainable lifestyles.

A systematic [review](#) of the academic and practitioner literature into how companies can foster social and behaviour change found three conditions are necessary for people to change their behaviour:

1. Motivation. People must have a reason to change.
2. Ability. They must have the skills, confidence and knowledge required to change.
3. Opportunity. They must have the resources, relationships and environmental conditions needed to change.

These are some of the social change initiatives profiled in the research:

<i>Health</i>	<i>Civic Engagement</i>	<i>Environment</i>
<ul style="list-style-type: none"> • Exercise • Eat healthy food • Quit smoking • Reduce alcohol consumption • Breastfeed • Access health care resources to improve health 	<ul style="list-style-type: none"> • Volunteer in the community • Donate to charity 	<ul style="list-style-type: none"> • Recycle • Purchase “green” or ethical products • Conserve energy by turning off lights • Carpool or use public transit • Revitalize a local river



Increasingly, the public expects companies to play a leadership role to address social challenges. The private sector has an important role to play to harness their consumer insights, market research, brand reach, convening power, marketing skills, product platforms and business partnerships to engage the public in social-change goals. In doing so, companies become a force for social good, advance social progress, and build value for the firm.

Unilever's public engagement project: Project Sunlight

In 2013 Unilever, a major consumer goods company, launched Project Sunlight to motivate “millions of people” to adopt more sustainable lifestyles. According to the company “Project Sunlight aims to make sustainable living desirable and achievable by inspiring people to look at the possibilities of a world where everyone lives well and within the natural limits of the planet.” This is part of the company's core purpose to make sustainable living commonplace.

Through Project Sunlight Unilever invites the public to take three simple actions, targeted to specific campaign initiatives, such as fighting child hunger:

1. Help people SEE a brighter future. To do this, Unilever invites people to watch online films which aim to inspire and motivate people (e.g. speeches from young leaders and an inspirational documentary that spotlights child hunger)
2. ACT by doing small things which, added together, contribute to a better society and environment (e.g. getting involved in local community organizations supporting the fight against child hunger)
3. JOIN the movement and become part of a growing community of likeminded people and organisations who all want to play their part in building a brighter future (e.g. inviting people to share their personal stories about young people fighting hunger using #ShareAMeal)

Project Sunlight is housed in an online hub which brings together the social mission stories of Unilever's brands across the world, and invites the public to get involved in doing small things which help their own families, others around the world and the planet.

Source

WHAT IS IT?

Public trust in companies is low yet expectations for corporate leadership are high. This creates an optimal window for companies to fill the breach, address social concerns, and create business value. Companies that learn how to tap into this latent demand for leadership will build competitive advantage and market differentiation.

They can also build business value through the following benefits:

- Increase market share and consumer loyalty
- Gain customer insights
- Access new market segments
- Strengthen reputation
- Attract and retain employees
- Become a desirable business partner

As companies build their sustainable marketing and engagement competencies, they will become the leaders of the future, in a time where having a social license to operate and grow will be an imperative.



Unilever develops purpose brands to drive employee engagement and consumer loyalty

Paul Polman, CEO of Unilever: “In any company, you have to go back to what drives people. Making more money or being bigger means less and less. Brands with a purpose and that are values-led over time are going to be more successful.”

He has asked his company to figure out how the progressive intent and actions of Unilever and its Sustainable Living Plan can be manifest through individual brands and ultimately drive consumer loyalty for Unilever. Its recent launch of Project Sunlight (see description above) attempts to answer this question. It invites participation and connects social leadership across a wide portfolio of brands and social issues.

Source

HOW TO DO IT?

There is no single route to successful engagement of the public on sustainable awareness, and their behaviours and lifestyles. Here are some ideas that you may wish to try.

First, determine where your biggest opportunities lie. They should relate to your core business (hand washing for a soap company; recycling for a beverage company) and address your business drivers. Are you trying to build your brand, attract a new market, forestall government regulation, or maintain a stable supply base? Your business motivations will influence your priorities. Once you have built the business case, you need to determine the social case. What behaviours and choices will you influence? Where can you have the most impact? On what social or environmental issues can you make the most difference? Who is the target group?

With these answers in hand, you will need to research the barriers, motivations, and opportunities to public take-up. Consider harnessing your existing customer-insight information for clues to behavioural change methods that work. Keep in mind that people need to be inspired. One-off, tactical interventions may trigger temporary symbolic behaviours (give up X for a day or turn off Y for an hour, etc.), but sustainable change requires long-term strategic approaches. Remember, too, that context drives behaviours. Effective behaviour change interventions take a holistic approach that influence at the social and structural levels, not just the individual level.

Consumer research informs public engagement strategy at Unilever

Project Sunlight has been informed by the wealth of Unilever’s consumer insight, including a new international piece of research commissioned by Unilever. This shows that children are key to motivating adults to want to adopt more sustainable lifestyles and a powerful influence on parents changing their behaviour. 9 out of 10 parents say children’s natural optimism and enthusiasm inspires them to make the world a better place, and 7 out of 10 parents say their main motivation for wanting to live in a greener way is their children’s future. The research also shows that there are key child-related moments, particularly around the birth of a first child, when people are more open to changes in their own behaviours and lifestyles.

Source

Next, consider what relationships (e.g., employees, suppliers, retailers, business partners, governments, and community groups) you can engage to spread and amplify your efforts. Finally, test your campaign by piloting it in order to learn about and improve on your engagement solution. Here is a [detailed profile](#) of how Sodexo, a multi-national French food services company, mobilized



college students to reduce food waste via its Stop Wasting Food campaign. Note how Sodexo determined its target audience, set objectives, developed strategies, and then implemented and measured the results.

Sodexo's Stop Wasting Food Campaign for College Students

Key Publics:

- College students and college administrators

1. Objectives:

- Engage students in changing their behaviour with regard to food waste.
- Reduce pre-consumer food waste by 20 percent.

2. Strategies:

- Launch a pilot program at eight college campuses across the country to analyse and measure our kitchen waste in an effort to better manage it.
- Engage students through social media, traditional media and advertising campaign in colleges.

The main messages focused on attitude and behaviour change around food waste:

- Thinking before you eat
- Benefit to the environment

3. Implementation process:

Prior to the launch of the campaign, Sodexo conducted secondary research to study the level of awareness on sustainability of the 18 to 24-year-old college student demographic. It appeared that sustainability topics such as locally-sourced food and reducing carbon footprint were already well established among that demographic and that food waste would be impactful. Sodexo also led expert interviews with government, non-profit, and industry experts on the topic of food waste to develop messages and audit other food waste communication efforts.

The campaign was implemented through the following media:

1. Social Media Platform

- Sodexo established Social media platforms – Facebook, Twitter, YouTube, etc. – to connect with students and reached out to 5,700 media points and more than 5,400 websites. The online campaign has been estimated to reach over 30 million people.

2. Advertising Campaign

- Sodexo developed an advertising campaign in selected campus publications, mainly college newspapers, to highlight the commitment to reduce food waste.

3. Leading Food Waste Expert Blogs

- Jonathan Bloom, author of *American Wasteland: How America Throws Away Nearly Half of Its Food (and What We Can Do About It)*, was a guest blogger on Sodexo's Better Tomorrow corporate blog. His book on food waste has been made available for book signing events at Sodexo-served campuses.

4. News Release

- Sodexo reached out to the mainstream media and blogs with its news release, which was distributed to 6,000 media outlets.

5. Connecting our Customers through Dining Web Sites

- Sodexo manages the dining pages of websites at nearly all of the 650 college campuses it serves and used those sites as a vehicle to engage students on the www.stopwastingfood.org social media platform.



4. Measure results:

- Reduced food waste by 47%
- 500,000 strategic web placement impressions
- Increased Facebook interactions by 90% among those 18 – 24

PepsiCo mobilizes the public to increase recycling

PepsiCo wants to change recycling habits: “We want consumers to consciously recycle – and not just sometimes, but often. In fact, all the time.”

PepsiCo has committed to working to increase the U.S. beverage recycling rate, with a goal of reaching 50 percent by 2018. They are pursuing a multi-faceted approach by addressing recycling from every angle: logistics; infrastructure; industry collaboration; and public involvement. The following two steps highlight how they are removing barriers and increasing opportunities and motivations to mobilize a public recycling movement:

“Accessibility is step one. We’ve committed to working with retailers to put more recycling bins in busy locations, such as gas stations and convenience stores, where there aren’t currently recycling containers. We also support the [Closed Loop Fund](#) in its mission to help provide recycling to communities that cannot afford to put the infrastructure in place.

Step two is to make that action meaningful to consumers. PepsiCo and The Nature Conservancy forged a new initiative to [“Recycle for Nature.”](#) By recycling any plastic bottle or aluminium can, consumers are directly helping support The Nature Conservancy’s efforts to save and restore 1 billion gallons of water over the next five years.

The initiative supports waterways that supply clean drinking water to more than 35 million Americans – waterways that in many cases double as rivers and lakes that people use to hike, swim, camp and enjoy time with family and friends. In this sense, recycling becomes a more tangible, personal investment in preserving enjoyable experiences.”

Source

WHO IS DOING IT?

Unilever, PepsiCo and Sodexo initiatives have been described above. Here is another public engagement example from the media sector:

The Guardian, a British national newspaper, created an online public forum to help people exchange ideas and change the world around them. The forum is called the [Live Better Challenge](#) and it aims to help people make a difference through positive action. It involves seven monthly challenges, each focused on a sustainability theme or issue including food waste, health, cutting energy use, saving water, etc. The public is invited to participate in the challenges through online forums and social media where they become a part of the Living Better community. The community promotes best practices and serves as a vehicle to help educate and engage people by allowing them to share their experiences and ideas and join online conversations on sustainability issues. The Guardian provides articles, tips, blogs, quizzes, resources, expert panels and inspirational stories profiling behaviours and practices to “live better”. It also posts the results of the public challenges. For example, in April 2014 readers saved 8,000 kWh of energy as a result of the energy saving campaign.



Participants receive a number of benefits by joining the [Live Better Challenge](#), including:

- Free newsletters with the latest news and articles, full of hints and tips to help survive the challenge and enjoy sustainable living
- Automatic entry to a monthly competition to win sustainable living prizes
- Access to the Live Better community –to comment on the site and share personal Live Better experiences
- Opportunity to save money by adopting more affordable sustainable living practices
- Self-satisfaction, by taking positive steps to make a difference in the environment and community

One of the monthly themes was “get involved with your local community”. The public was challenged to:

- Volunteer at their local community garden
- Plant some bee-friendly plants on their doorstep
- Club together to turn some disused land into a vegetable patch
- Invite their neighbours over for a clothes mending session
- Start a car-share scheme or make a pledge with their neighbours to cycle or walk to work or school
- Host a clothes swap in their village hall or community centre

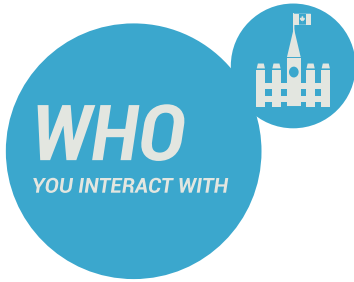
Find out more about The Guardian’s Live Better Challenge [here](#).

Click [here](#) to read about the public engagement efforts of **Marks and Spencer**, a major British retailer.

WHERE CAN I GO FOR MORE INFORMATION?

- Driving Social Change: Best Practices for Business Leaders and Social Entrepreneurs, Network for Business Sustainability
<http://nbs.net/wp-content/uploads/NBS-Executive-Report-Social-Change.pdf>
- Lessons from Public Health: Experts in public health have struggled with enabling behaviour change for years. The sustainability sector should learn what it can from their experiences.
http://considered-creative.co.uk/communicating-sustainability-lessons-from-public-health/?doing_wp_cron=1424897648.9956369400024414062500
- The Business Value of Changing Consumer Behaviours, Futerra and Business for Social Responsibility
http://www.futerra.co.uk/wp-content/uploads/2013/09/Sustainable-Lifestyles-Frontier-Group-Value_Gap.pdf
- Business Case Builder – Taking Sustainability to Market, Futerra and Business for Social Responsibility
<http://business-case-builder.com/>
- Conference Board of Canada webinar on sustainable public and customer engagement, profiling Futerra and HP’s approach ([link](#)). Contact publications@conferenceboard.ca and quote CBSR to see if you qualify for free or discounted access.





Transformational companies advocate for public policy that advances sustainability.

WHAT IS IT?

To achieve a future in which business and society can thrive, government leadership in developing progressive economic, social and environmental policy is essential. Governments are more prepared to lead on sustainable public policy measures when there is private sector support. In the absence of such support, legislative, regulatory and programmatic changes that favour sustainability are slow and incremental.

To accelerate their sustainability ambitions and make the necessary business model investments, progressive business need governments and policy-makers to provide an enabling environment – this is integral to advancing sustainability progress.

Leading companies understand this and actively engage with governments and regulators to create the context to help them to achieve their sustainability goals and build a strong foundation for societal well-being and long-term business health. Recognizing the private sector, governments and civil society can achieve more if they work in partnerships, transformational businesses lead or join coalitions or multi-stakeholder collaborations to foster system change and catalyse progressive public policy. These companies give their government relations professionals mandates to collaborate with stakeholders to bring about public policy changes on issues most relevant to their business and sustainability goals and where they can make the biggest difference.

Their public policy advocacy includes encouraging peers, competitors and trade associations to engage with governments at local, national and international levels, taking part in multi-stakeholder debates, becoming a public voice on top sustainability issues, and providing constructive input into public consultations. It avoids direct or indirect support for policies or positions that further increase the risks and impacts of sustainability trends. Rather than seeing social or environmental regulatory measures as an unnecessary burden that will harm business, they see their potential to incentivize innovation and adapt to global risks.

Business and government are interdependent. Governments need the insights and support of businesses to advance effective sustainability policy. Businesses need clarity and certainty from governments to invest and act on risks and opportunities in current and future markets. There is a need for mutual action and collaboration. Transformational companies engage their relationships – including with suppliers, customers and industry – to lobby for good to inform and accelerate the policies needed to support a stable local and global economy and viable society.



WHY IS IT IMPORTANT?

Business and society will both benefit if companies play an active role in lobbying for and shaping public policy that enhances positive social and environmental outcomes. Clear frameworks and strong signals from government are necessary to stimulate business investment and help business and society avoid higher costs in the future. Such policies are essential to create the market signals and incentives to mobilize and accelerate private sector leadership on social and environmental issues. This can only be achieved if companies actively engage in the public policy debate in support of sustainability measures.

Other payoffs from corporate public policy engagement include:

- Level the playing field and capitalize on early sustainability investments as slow movers catch up
- Earn a seat at the table to shape policy design
- Build reputation, stakeholder trust and social license to operate
- Gain market share and attract customers by being seen as a proactive business working in the public interest
- Increase employee attraction, retention and motivation
- Generate earned media

HOW TO DO IT?

Many businesses already have public policy and government relations skills, capabilities and agendas, albeit often focused on narrow short-term issues. Here are some steps that you can pursue to direct these efforts towards government action on sustainability issues to achieve your business and industry goals for the longer term:

- **Adopt policy:** Adopt an advocacy policy that outlines your philosophy, rationale and approach. The policy could include criteria for evaluating emergent opportunities as they arise: when should we act on an issue, and if so, why and how?
- **Prioritize:** Review your strategic sustainability goals and priorities to identify which of them could be enabled through public policy interventions locally, provincially, federally or beyond. Rather than seek out new issues, consider which government policy changes are necessary to realize your sustainability strategy and long-term business viability. For example, if you are a beverage company, you may prioritize recycling infrastructure, and if you are an insurance company, you may prioritize mandatory fire sprinklers to enhance home safety.
- **Plan:** Prepare an advocacy and communications plan, with the following possible components:
 - Conduct stakeholder research to understand stakeholder views on your priorities. Get up to speed on the government legislative agenda and identify if opportunities exist or need to be developed. Include investors, customers, suppliers, industry associations, peers and competitors, thought leaders, scientists and civil society representatives in the consultation.
 - Conduct or fund research to further understand the issues and opportunities and develop the case for change.



- Engage the board, senior leaders, government affairs, risk management, marketing and sustainability teams to validate the priorities. Secure top-level and organizational buy-in for your priority initiatives and approach.
- Set goals and targets to measure and monitor success.
- **Implement:** Assign responsibility to oversee, manage and execute your plans.
- **Disclose:** Prepare and publish position statements and report on influences and outcomes.
- **Be consistent:** Ensure consistency across the organization on your policy position and that indirect lobbying, i.e. through your industry association, is in alignment. Consider withdrawing from industry associations that lobby against your sustainability positions.

Marks and Spencer conducts research into the role of government to accelerate sustainability

Aim: By 2016, we aim to publish a report outlining the policy steps that we believe would accelerate the journey towards creating a sustainable economy. We plan to work with Forum for the Future to identify ways in which policymakers can encourage the transition towards a sustainable circular economy.

Source

Possible roles and tactics include:

- Lobbying and direct influence on policymakers to shape legislation
- Providing expert input and sharing expertise in government consultations and industry position papers
- Public speaking, letters to government and media, and publications on the topic
- Public advertising on issues in print and television
- Funding research and advocacy organizations that are working on the issues
- Engage clients, suppliers and customers in your efforts
- Join business and multi-stakeholder platforms, roundtables and partnerships to pursue issues
- Take a progressive stance in industry associations and leave organizations that don't represent your position

Public Policy Engagement at Unilever

Unilever has a small head office team dedicated to identifying required public policy changes to advance sustainability and to advocate for them. Issues include:

- Influencing climate policy to achieve a policy environment which promotes low carbon development and a reduction in deforestation.
- Promoting the importance of washing hands with soap in countries where this issue is not high on the public health agenda.
- Improving recycling and waste infrastructures to increase national recycling rates.
- Supporting sustainable agricultural practices, for example by enhancing trade policy terms for sustainably sourced agricultural commodities.

They are actively engaged in these areas and working with a wide range of NGOs, experts, practitioners and intergovernmental institutions to address them.

Source



Risks of public policy engagement and how to address them

The following are potential risks of becoming engaged in proactive public policy engagement on sustainability issues and suggestions for how to manage them:

<i>Risk</i>	<i>Mitigation Recommendation</i>
<ul style="list-style-type: none"> • Not being seen as credible 	<ul style="list-style-type: none"> • Conduct research; do your homework • Partner with credible organization for expertise
<ul style="list-style-type: none"> • Use of uninformed science 	<ul style="list-style-type: none"> • Don't position as an expert; rely on solid expertise of others • Partner with a reputable organization • Conduct due diligence
<ul style="list-style-type: none"> • May alienate some customers 	<ul style="list-style-type: none"> • Base decisions on a strong foundation, using research to back up stance • Strong proactive customer communications program; be prepared to explain why you are doing this
<ul style="list-style-type: none"> • Stakeholders may question taking on an advocacy role 	<ul style="list-style-type: none"> • Avoid partisan efforts • Engage thought leaders and influencers who have credibility with your stakeholders • Educate key stakeholders so they can understand and support your advocacy efforts • Develop key messages so responses are available if necessary • Ensure staff understand and support the approach
<ul style="list-style-type: none"> • If own sustainability efforts are modest, could be seen as hypocritical 	<ul style="list-style-type: none"> • Practice what you preach • Be humble in communications; communicate efforts as a journey
<ul style="list-style-type: none"> • It could become time intensive and costly 	<ul style="list-style-type: none"> • Have a clear plan for the effort; draw boundaries around the exercise • Be a strategic funder of non-profits and other organizations who can leverage additional funding on a project

WHO IS DOING IT?

The Co-operators, a Canadian financial services co-operative with over two million customers and \$35B in assets under administration, has a vision to be a catalyst for a sustainable society. To



advance this vision, the business adopted an Advocacy Policy and Strategy in 2009 and have been focusing their advocacy efforts in climate change mitigation and adaptation (including flood resilience), healthy lifestyles and fire safety over the past five years. These priorities were chosen because of their strong resonance with the company's core business as a property, casualty, health and life insurer. Further details on their advocacy story can be found at this [link](#).

The Business Community Anti-Poverty Initiative (BCAPI) was founded in 1997 in Saint John, New Brunswick by civic minded business leaders and professionals who wanted to move beyond charity and substantially reduce poverty in Saint John. In addition to pursuing community initiatives directly, the group advocates for projects that help children, youth and young families to overcome the barriers to achieving their full potential. In part as a result of this concentrated community effort over the past decade the city's poverty level has dropped from 27% to 20.8% and child poverty has been reduced from 35% to 28.3%. Details [here](#).

BICEP (Business for Innovative Climate & Energy Policy) is an American coalition of businesses committed to working with Congress and other policy makers to pass energy and climate legislation. **Nike, Starbucks, Levi Strauss, and Timberland** founded the advocacy coalition in 2008. BICEP is coordinated by the sustainable business leadership organization Ceres, and founded on the belief that "the energy and climate challenges facing the United States present vast opportunities, along with urgent risks, for U.S. businesses". In addition, BICEP believes that a transition to a low-carbon economy will create new jobs and stimulate economic growth while stabilizing the climate. Click [here](#) for more details on their work.

WHERE CAN I GO FOR MORE INFORMATION?

- Guide for Responsible Corporate Engagement in Climate Policy, United Nations (UN) Global Compact, UN Environmental Program, UN Framework Convention on Climate Change
https://www.unglobalcompact.org/docs/issues_doc/Environment/climate/Guide_Responsible_Corporate_Engagement_Climate_Policy.pdf
- Lobbying for Good, Paul Monaghan and Philip Monaghan
<http://www.dosustainability.com/shop/lobbying-for-good-how-business-advocacy-can-accelerate-the-delivery-of-a-sustainable-economy-p-51.html>
- Council for Clean Capitalism, a Canadian group of forward-thinking companies that seek the integration of "clean capitalism" principles into broader economic and social policy
<http://cleancapitalism.com/>
- American Sustainable Business Council (ASBC), a large business advocacy group working for a sustainable economy.
<http://asbcouncil.org/>
- Prince of Wales Corporate Leaders Network
The Prince of Wales's Corporate Leaders Group is a group of European business leaders working together under the leadership of The Prince of Wales and with the support and advice of the University of Cambridge Institute for Sustainability Leadership, to advocate for climate change solutions with policymakers and businesses, within the EU and globally.
<http://www.cisl.cam.ac.uk/publications/publication-pdfs/decade-of-progress-graphic.pdf>

