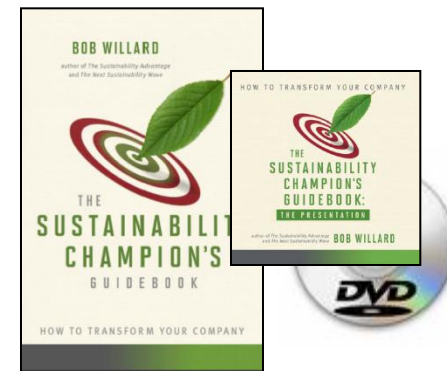


Communicating the Business Case for Sustainability



Sustain This!

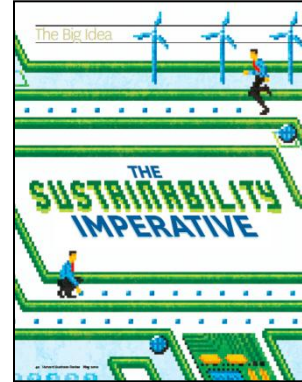
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The “Sustainability Imperative”



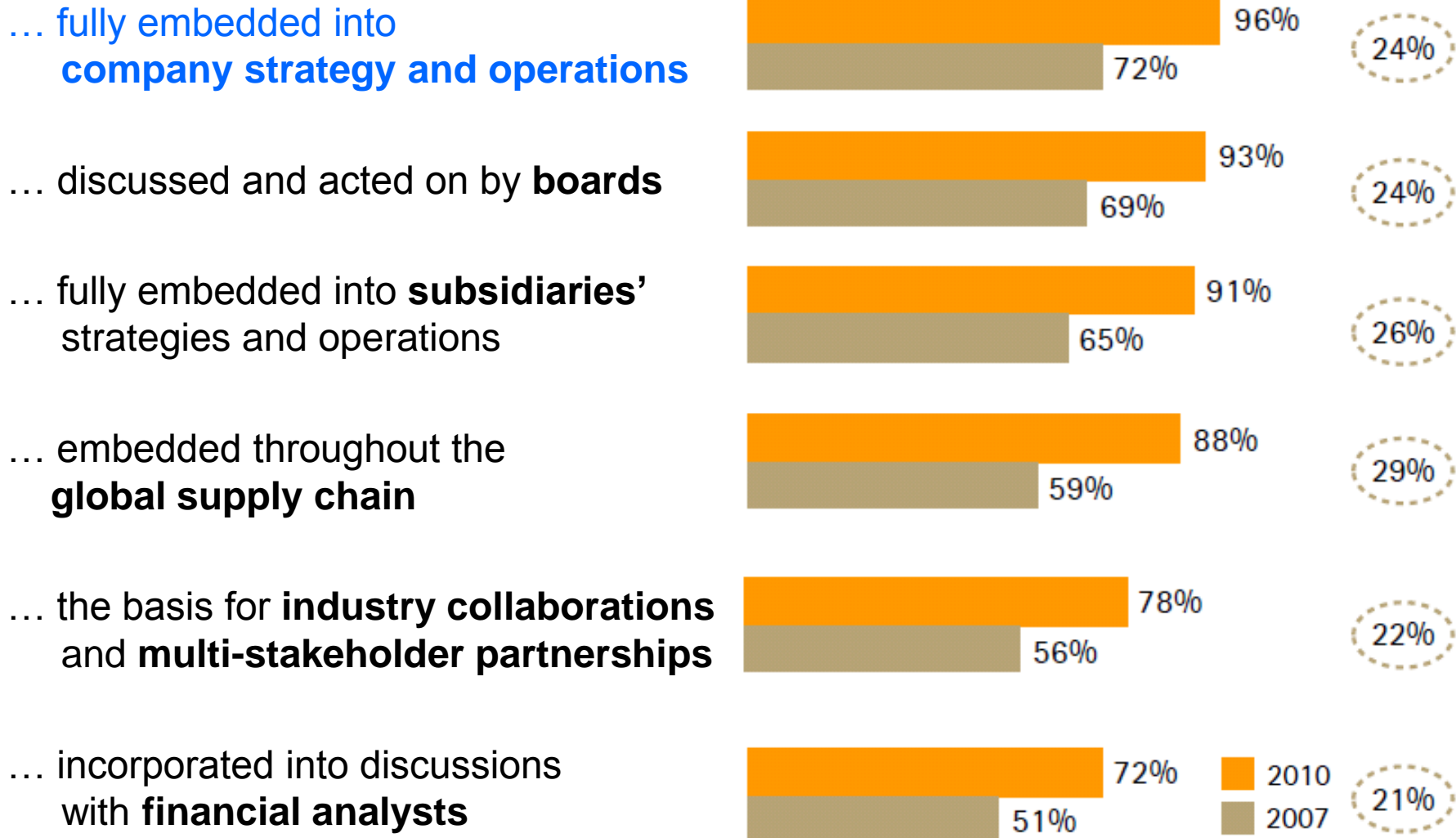
Megatrend: “A fundamental shift in the competitive landscape that creates inescapable threats and game-changing opportunities ... profoundly affects companies’ competitiveness and even their survival.”



Over the last 10 years, the “**Sustainability Imperative**” has emerged, magnified by escalating public and governmental concern about climate change, industrial pollution, food safety, and natural resource depletion, among other issues.”

Significant CEO Mindset Shift

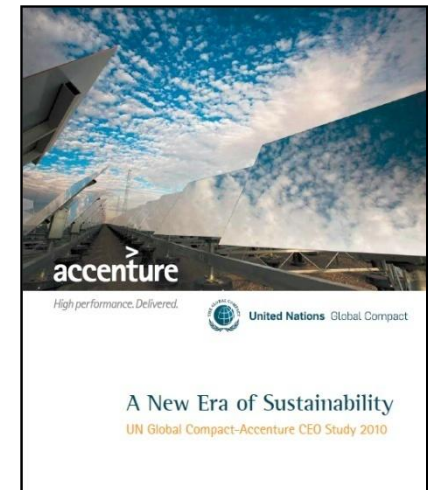
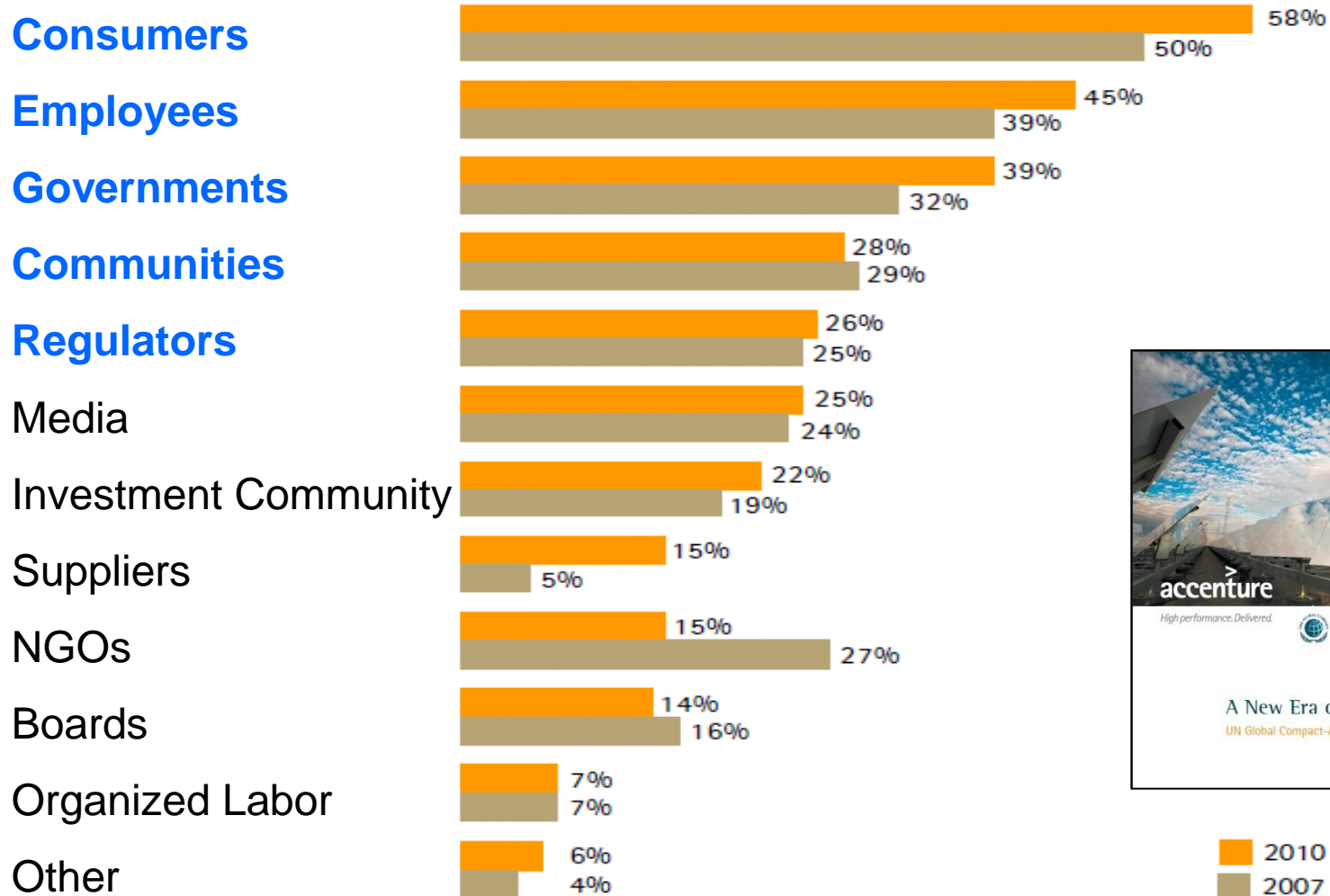
CEOs Agree /Strongly Agree that sustainability should be **2010 Increase Over 2007**



Survey of 766 worldwide CEOs, including 50 in-depth interviews
UN Global Compact and Accenture study, "A New Era of Sustainability," June 2010

Stakeholders Driving Sustainability

Stakeholders who CEOs believe will have the greatest impact on the way they manage societal expectations



2010
2007

Survey of 766 worldwide CEOs, including 50 in-depth interviews
UN Global Compact and Accenture study, "A New Era of Sustainability," June 2010

CEOs: Sustainability Drivers

Top 3 drivers of CEOs' action on sustainability issues

Brand, trust, and reputation



Potential for revenue / growth / cost reduction



Personal motivation



Consumer / customer demand



Employee engagement and recruitment



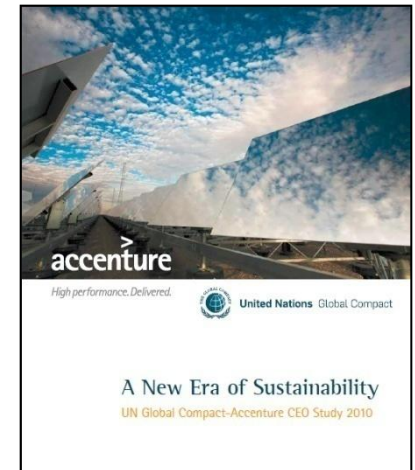
Impact of development gaps on business



Governmental / regulatory environment



Pressure from investors / shareholders

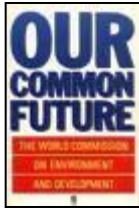


Survey of 766 worldwide CEOs, including 50 in-depth interviews
UN Global Compact and Accenture study, "A New Era of Sustainability," June 2010

Definitions of Sustainability

Sustainable Development (SD)

Meeting the needs of the present generation without compromising the ability of future generations to meet their own needs



-- Brundtland Commission, 1987 --

Sustainability

The possibility that human and other forms of life on earth will flourish forever

-- John Ehrenfeld, Professor Emeritus. MIT --

Sustainable Development (SD)

Enough - for all - forever

-- African Delegate to Johannesburg (Rio+10) --

Operator's Manual for the Planet



1. Do not contribute to the buildup in **nature** of **substances extracted from the earth's crust**
e.g. heavy metals; fossil fuels



2. Do not contribute to the buildup in **nature** of **substances produced by society**
e.g. 70,000+ chemicals; dioxins, PCBs



3. Do not contribute to the **physical degradation and destruction of nature and natural processes**
e.g. over-foresting; over-fishing; destroying farm lands



4. Meet **people's needs, worldwide**
e.g. food, water, shelter, quality of life



Core Concepts of Sustainability



Futures Thinking

Intergenerational responsibility

(Eco-)Systems Thinking

Carrying capacity of the planet
to absorb waste and support life

Social Justice

Equity, Dignity, Basic services, Human rights,
Stakeholder voices

Economic, Environmental, Social/Cultural
responsibilities

Sustainability 3-Legged Stool

Sustainability

Economic Leg

Good Jobs
Fair wages
Security
Infrastructure
Fair Trade



Environmental Leg

0 Pollution & Waste
Renewable Energy
Conservation
Restoration

Social Leg

Working conditions
Health services
Education services
Community & Culture
Social justice

Quality of Life / Genuine Wealth / Genuine Progress

Municipal “3-Legged Stool”

Sustainable Community

Economic Security

Responsible
businesses,
Jobs, Tax base

Infrastructure and Built Environment

Public transit,
Energy-efficient
buildings



Ecological Integrity

Air, Land, Water,
Biodiversity, Local
renewable energy,
Zero waste

Governance and Empowerment

Social Well-being
Health care, Safety,
Education, Housing,
Culture

Ranking of Sustainable Canadian Cities

Ecological Integrity Economic Security Governance & Empowerment Infrastructure & Built Envir't Social Well-Being

BIG CITIES



MEDIUM CITIES



SMALL CITIES



Corporate Sustainability 3-Legged Stool

Sustainability = Sustainable Development (SD)
= Environmental, Social, Governance (ESG)
= Corporate Social Responsibility (CSR)
= Corporate Responsibility (CR) = Green
= Triple Bottom Line (TBL) = 3Es = 3Ps

Economy - Profits

Growth, Jobs,
Taxes
Products
Services



Environment - Planet

Eco-efficiencies
Eco-effectiveness

Equity - People

Employees
Community / Culture
World

Smart Business 3-Legged Stool

Asset Management

Financial
Capital

Built
Capital



Natural
Capital

Human
Capital

Social
Capital

Sustainable Value Creation

Smart Community 3-Legged Stool

Resilient Community

Economic / Financial
Capital

Physical / Built
Capital

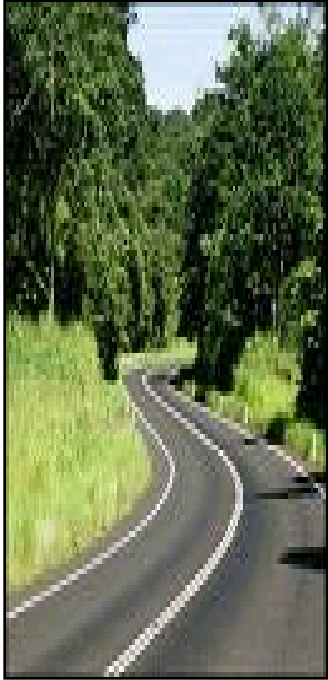


Natural
Capital

Human Capital
Passion Capital
Social Capital
Cultural Capital
Political Capital

Community Value Creation

5-Stage Sustainability Journey



5. Purpose/Passion

Values-driven senior leader

4. Integrated Strategy

Enhanced organizational value

3. Beyond Compliance

Eco-efficiencies

PR crisis

Regulatory threat

2. Compliance

Regulatory enforcement

1. Pre-Compliance

The 3 R's of Justifying Sustainability



RISKS

+



RESPONSIBILITIES

+



REWARDS

BUSINESS CASE



Risks to Financial and Natural Capitals: Big-5 Sustainability Storm Fronts



Waste, Toxicity,
and Health



Species Extinction and
Overharvesting



Climate Change and
Energy Crises



Poverty and
Social Injustice



Food and Water
Crises

The 3 R's of Justifying Sustainability



RISKS

+



Responsibility

RESPONSIBILITIES

+



REWARDS

BUSINESS CASE



Risks to Social Capital: Stakeholders' Rising Expectations

Waste, Toxicity,
and Health

Poverty and
Social Injustice

Climate Change and
Energy Crises

Species Extinction and
Overharvesting

Food and
Water Crises

(NGOs)

Media

The Public

Customers

Employees

Competitors

Governments

**Risks to Reputation re
Corporate Responsibilities**



Economists

Investors

Banks

Markets

Insurers

(Scientists)

The 3 R's of Justifying Sustainability



RISKS

+



RESPONSIBILITIES

+



REWARDS

BUSINESS CASE



One More Goal ... or an Enabling Strategy?

Profit

Innovation

Share price

Speed to market

Growth

New markets

Revenue

Talent wars

Customer care

Productivity

Expense savings

Motivation

Competition

Brand image

Market share

Managing risks

Leadership

Compliance

Governance

Supply security



RELEVANCE

The 3 R's of Justifying Sustainability



RISKS

+



RESPONSIBILITIES

+

SME
Companies:
At least 66%
more profit



REWARDS



Large
Companies:
At least 38%
more profit

BUSINESS CASE

Potential Improvements

REPUTATION

1. Reduced recruiting costs -1%
2. Reduced attrition costs -2%
3. Increased employee productivity +6%
4. Eco-efficiencies: savings in energy, water, materials, waste handling -10%
5. Increased revenue / market share +5%
6. Lower insurance & borrowing costs -5%

... yielding a profit increase of **+66%**



The New Economy

- **Low-carbon economy** vs. fossil fuel-based economy
- **Local supply chains** vs. global supply chains
- **Services** vs. products
- **“Dematerialization”** vs. physical goods, processes, or travel using “virtual” alternatives like videoconferencing or online shopping
- **Responsible consumption / thrift** vs. over-consumption
- **Low / No-growth model** vs. “grow or die” model
- **New ownership models:** employees, customers, co-ops, social venture funds, government funding
- **New company purposes:** “For-Benefit / B-companies,” “Social enterprises,” “Fourth sector,” “Hybrid organizations”



In Summary ...

Sustainability is smart business

Important stakeholders' expectations are rising

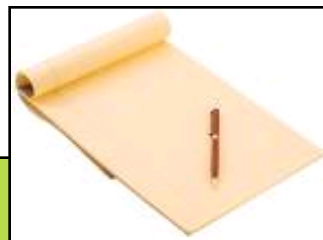
New market forces & risks are in play

Relevant to existing organizational priorities

Can protect & enhance organizational values

Many willing, helpful partners

Opportunity for leadership ... by example



Communicating the Business Case for Sustainability



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