



How Can Business Successfully Integrate Sustainability?

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Agenda

1. *What is the global context?*
2. *Why is sustainability important to business?*
3. *What are the benefits of integrating sustainability?*
4. *What are the pathways to integration?*
5. *What traits do you need to be an internal changemaker?*

Who is SustainAbility?

We are a *think tank* and *strategy advisor* that helps business meet society's needs within ecosystem limits.



Our Clients

We guide global companies to becoming recognized leaders.



The global context

System Level Challenges

Environment



Weather



Energy



Waste



Biodiversity



Water



Food



Consumption



External Conditions

Constraints



Systems Level Challenges

Social



The Only Thing That's Certain Is Uncertainty

Geopolitical, economic and social instability will shape the global business and sustainability landscape in profound ways in 2016 and beyond.

Systems Level Challenges

Social



Inequality and implementation of the SDGs

These will be the dominant social themes of the sustainability agenda in 2016 and beyond.

Systems Level Solutions

Global Goals

Sustainable Development Goals (SDGs)



What do These Global Trends Mean for Iceland?

Country Challenges

Climate Change

- Volatile environment
- Melting glaciers
- Ocean pollution
- Biodiversity
- Fish supply

Energy

- Renewables
- Biofuels and alternatives
- Technologies

Social Issues

- Population growth
- Impact of tourism
- Lack of infrastructure
- Labour supply

Why Does Sustainability Matter?

The Business Case

It's on the priority list for CEOs

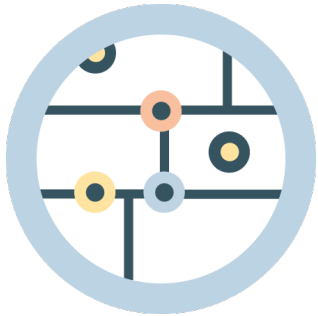
- 80% of CEOs view sustainability as a means to gain competitive advantage. (Survey of 1,000 CEOs in 103 countries).
- 43% of CEOs now seek to align sustainability with their overall business goals, mission or values, up 30% since 2012
- Companies without a business case for sustainability are in the minority: 23% says research of nearly 3,800 executives globally
- Attracts and retains talent: Sustainability is a 'must have' for millennials - 36% feel that business' purpose is to improve society

Engaged businesses are more profitable

- Companies with engaged employees grow profits three times faster than those who are not as engaged (WBCSD, August 2010)
- Employees who have the opportunity to make a direct social and environmental impact through their job report higher satisfaction levels than those who don't by a 2:1 ratio
- To attract and retain Generation-X employees companies need to provide more than money – they must align corporate values with employee values (Goldman Sachs, 2007)
- On average, only 10% of employees are “fully engaged” at work. Engaging the workforce in sustainability can close this gap through a bottom up and top down approach

How do Companies Integrate Sustainability?

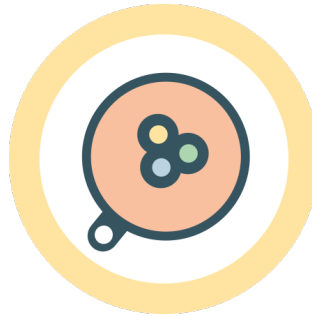
Our Research Identifies Five Pathways



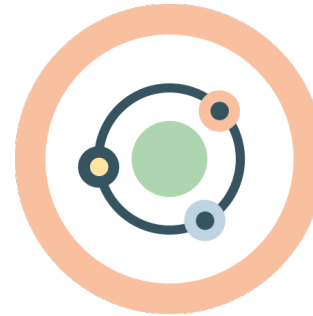
**Employing
business model
thinking**



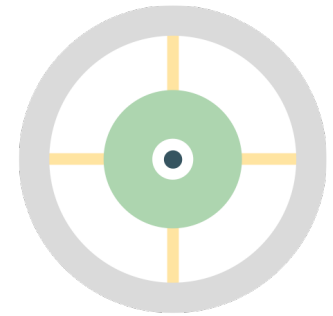
**Putting
materiality to use**



**Applying a
sustainability
lens to products
& services**



**Tapping into
culture**



**Leveraging
transparency**



Materiality: Your Key Impacts

$$\frac{> \left(\begin{array}{|c|} \hline \text{Person} \\ \hline \end{array} \begin{array}{|c|} \hline \text{Lightbulb} \\ \hline \end{array} \begin{array}{|c|} \hline \text{Water tap} \\ \hline \end{array} \begin{array}{|c|} \hline \text{Piggy bank} \\ \hline \end{array} \right) + \left(\begin{array}{|c|} \hline \text{Caduceus} \\ \hline \end{array} \begin{array}{|c|} \hline \text{Graduation cap} \\ \hline \end{array} \right)}{< \left(\begin{array}{|c|} \hline \text{CO}_2 \downarrow \\ \hline \end{array} \begin{array}{|c|} \hline \text{Pump} \\ \hline \end{array} \right)} = \text{Nedbank Logo}$$

By looking through the **most important issues** facing the country and sorting out which ones we can influence through our lending, we were able to create a business strategy and **not a separate** sustainability strategy.



Gary Kendall
Sustainability & Strategy Specialist, Nedbank



Snapshot of Material Issues – An Airline



Aircraft
and fuel



Noise



Ground
energy



Ground
transport



Water



Waste



Sustainable
design and
buying



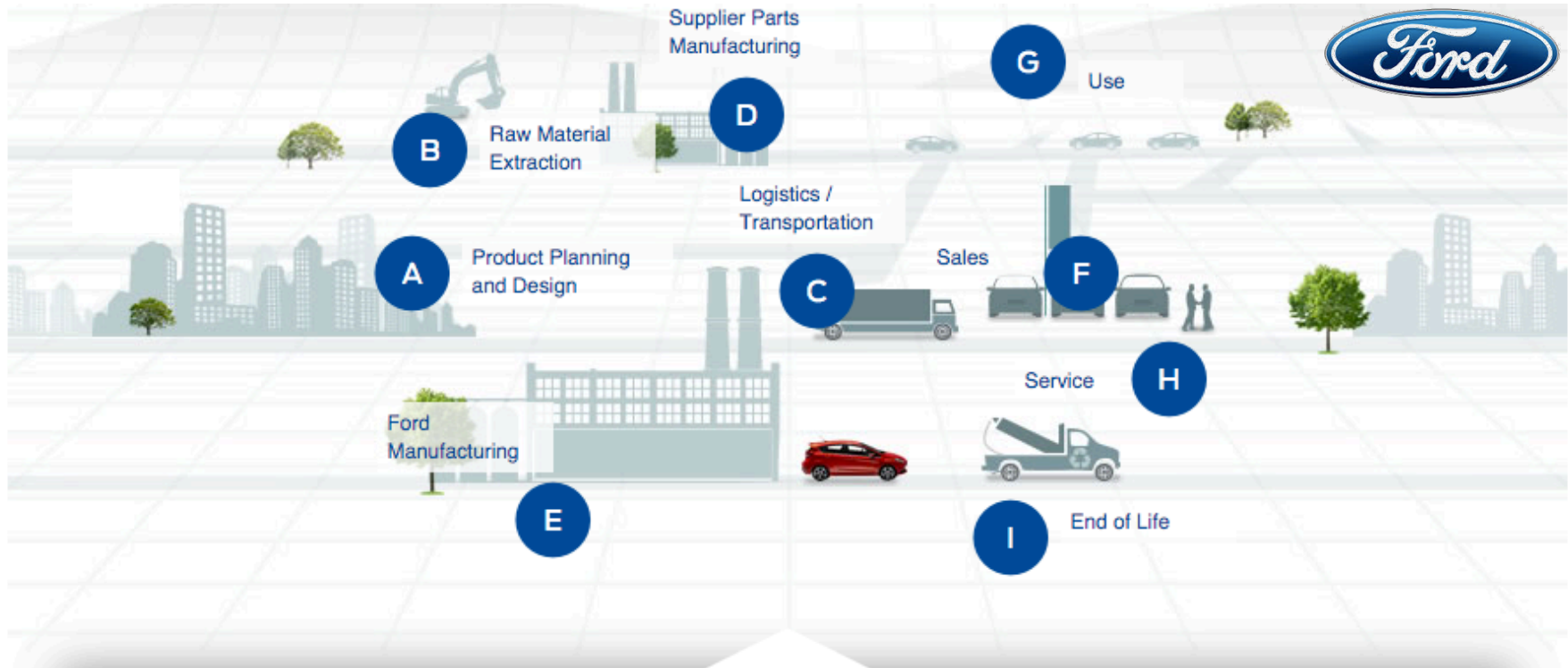
Community
investment

Apply a Sustainability Lens to Products & Services



This analysis allows BASF to both improve individual solutions and steer the entire portfolio. It also enables further integration of sustainability into their strategic, R&D and customer support processes.

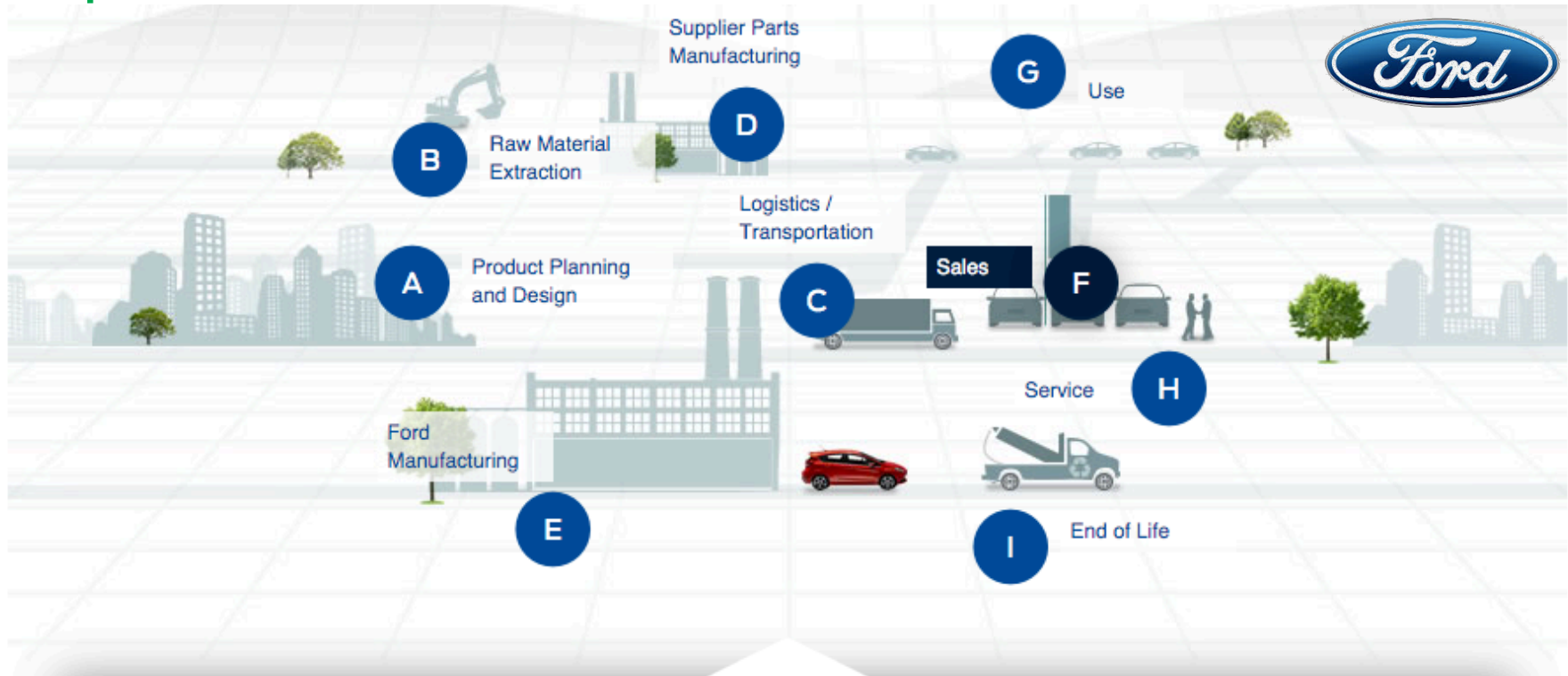
Map Your Business Model



As a major multinational enterprise, our activities have far-reaching environmental, social and economic impacts. The graphic above illustrates the major stages of our value chain and identifies key impacts, stakeholders, and examples of value we create at each stage.

We recognize that the issues and impacts are interconnected and that positive and negative effects in one part of the chain can reverberate in the other parts. The value chain assessment was revised and updated for this report as part of the "materiality analysis" which prioritizes the most significant issues in our value chain.

Map Your Business Model



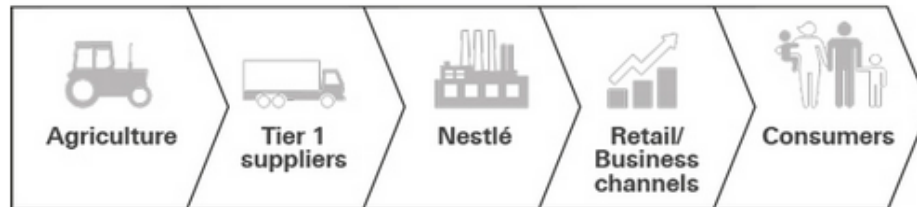
F Sales

The sales stage includes our communications with customers about our products and the work of our global dealer network.

We add value at this stage by providing customers with products that meet their needs and exceed their expectations, and through the employment and investment generated by our dealerships.

In 2013, we sold more than
6.33 million
vehicles globally.

Example: Nestlé



MATERIALITY ISSUE	VALUE CHAIN				
	Agriculture	Tier 1 Suppliers	Nestlé	Retail/ Business Channels	Consumers
Resource efficiency and waste					
<p>Improving the direct and indirect use of resources, reducing waste and optimising opportunities for recovery, reuse or recycling of by-products, and disposing of waste appropriately.</p> <p>Resource efficiency and waste combines packaging, manufacturing and transport and distribution that were distinct issues in the 2013 matrix.</p> <ul style="list-style-type: none"> • Consumer behaviour • Energy consumption • Land use • Littering • Manufacturing environmental impacts • Packaging • Transport and distribution 	●	●	●	●	●

Tap into Culture



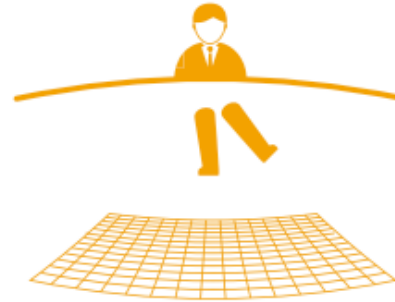
Tap into Culture



Supportive Leadership



Deflate Hierarchies



Comfort with Failure



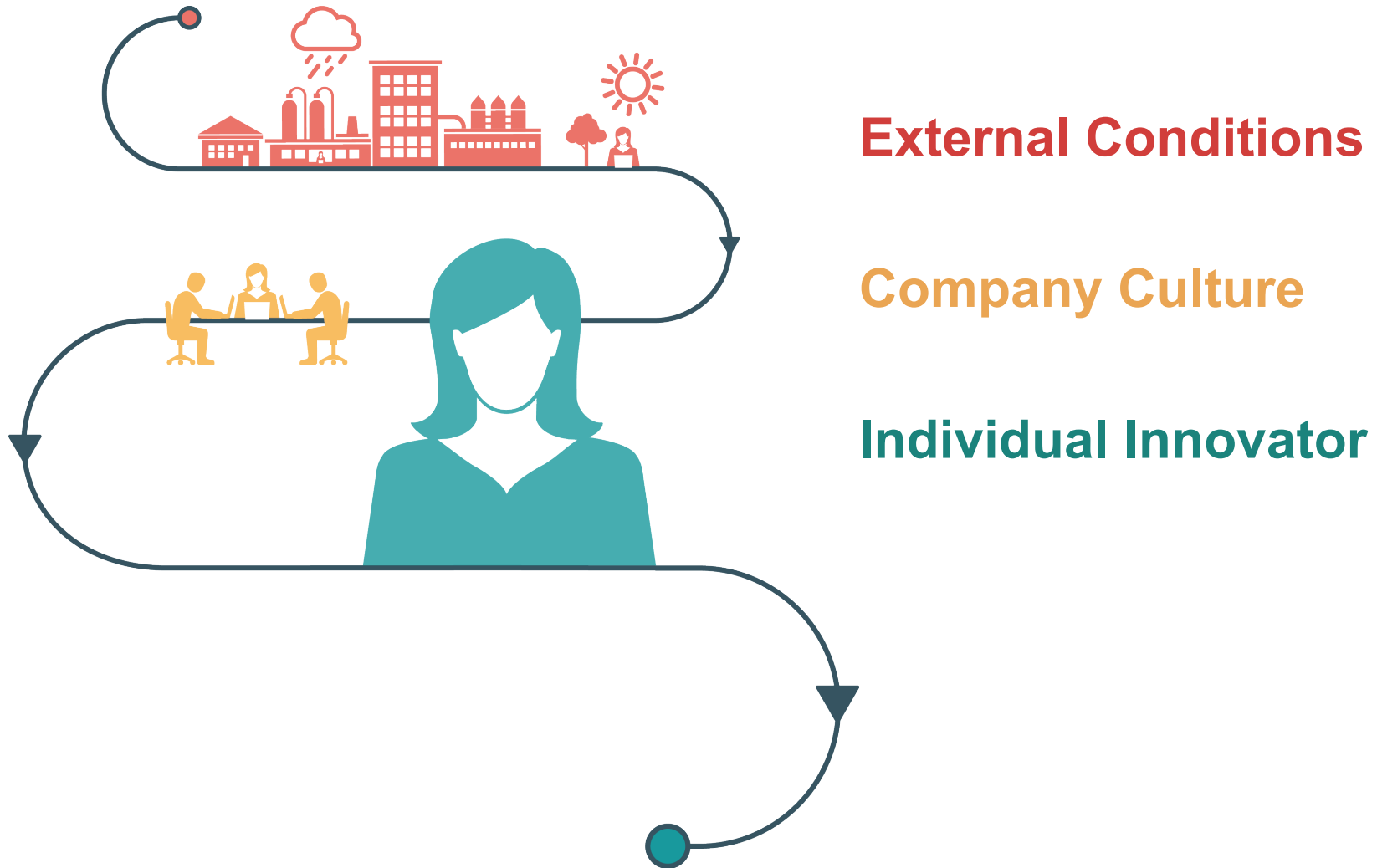
Collaboration

Leverage Transparency



Other Considerations

Influencing Business Model Shifts



Focus on Value

Value Mapping Tool

Source: Bocken et al. 2013



Thank you!

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