



Beginning a Business Sustainability Plan

NYS Pollution Prevention Institute

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May 13, 2014

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*Contains portions of some materials initially prepared with support of the
New York State Department of Environmental Conservation*

Agenda

(1) Sustainability & Sustainability Plans 101 – 45 minutes

What is Sustainability

- Internationally accepted definitions
- Business Case for Committing to Sustainability

Embracing Sustainability in your business

- Internal Business Case for Sustainability
 - Understanding company Internal and external drivers
 - Understanding company “Voice of the customer”
 - Understanding company in the marketplace
 - Understanding company Risks
- Top Management Commitment
- Create a vision and policy

Creating a Sustainability Plan

- Who to involve in the planning
- What is the process
 - Understand the external environment
 - Identify Activities and Impacts (social, environmental, economic)
 - Measure impacts, establish baseline, benchmark
 - Creating Long-Term Goals, targets and milestones
 - Prioritizing, Selecting strategies and creating action plans
- Communicating the plan to Stakeholders (internally and externally)

(2) Group Activity – 45 minutes

- Industries discuss their path towards sustainability planning
- Review Examples of sample sustainability plans
- Brainstorm and begin to create sustainability plan outline

Sustainability – Defined

International Definition from the U.N.

Brundtland Commission: Published a report in 1987

- Commission created to address growing concern ‘about the accelerating deterioration of the **human environment** and **natural resources** and the consequences of that deterioration for **economic** and **social development**’
- Recognized that environmental problems were global in nature and determined that it was the common interest of all nations to establish policies for sustainable development

Sustainable Development: “*development that meets the **needs** of the present without compromising the ability of future generations to meet their own **needs**”*

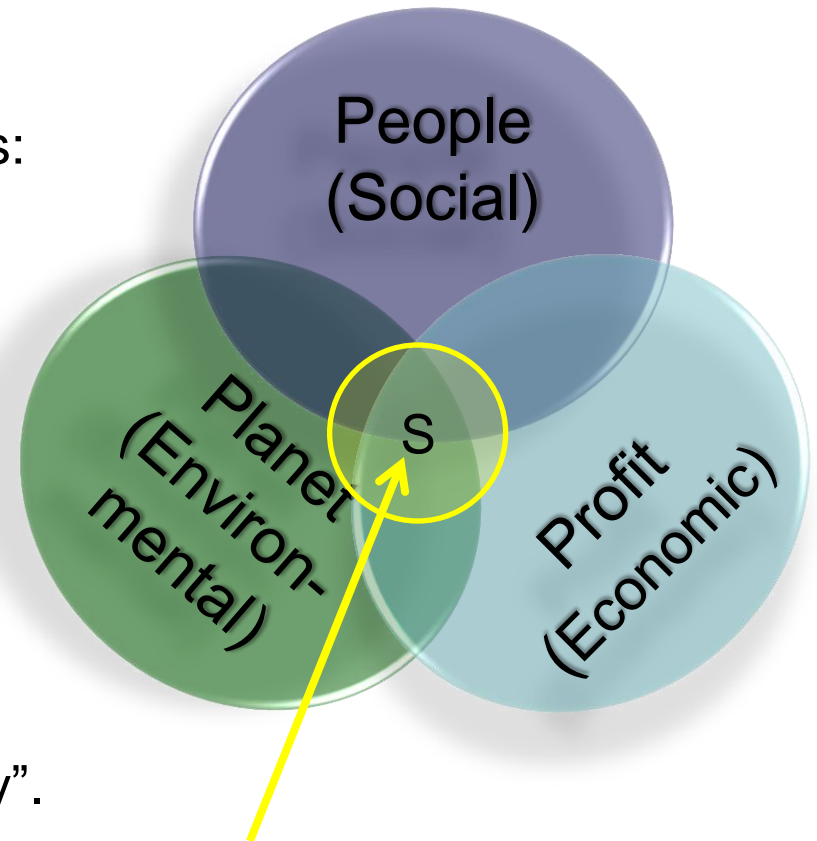
Sustainability – Defined

Many Phrases for the Same Concept

Many terms for addressing social, environmental and economic initiatives:

- “3Ps” – People, Planet, Profit
- Social, Economic, Environmental
- “Corporate Social Responsibility”
- “Corporate Citizenship”
- “Sustainable Growth”
- Triple Bottom Line

Each company or organization should define how they address “sustainability”.



Sustainability is actualized

Benefits of Sustainability

Why be a “sustainable” company?

- **Strengthen** risk management, compliance, productivity, and credibility
- Avoid problems of the past, pursue new opportunities for the **future** and tie to **innovation**
- **Holistic** approach with many issues and different priorities
- Generate additional **sales**, recruit and retain **employees**, facilitate transactions and **partnerships**, charge premium **prices**
- **Economic Benefits**, as reducing environmental wastes and efficient use of raw materials, energy and water can reduce overall **manufacturing costs**
- **Transparency** across supply chain & stakeholders
- **Competitiveness**

Committing to Sustainability:

Requirements for Developing a Sustainability Plan

- Leadership support required
- Make a business case
- Effectively deploy
- Fully engage all key players
- Create a good mix of technology, practices, and awareness
- Choose the right metrics and effective measurement
- Produce clear and concise reporting
- Act on results and improve
- Keep following the process towards continuous improvement:
Assess → Plan → Implement → Monitor

Internal Business Case for Sustainability - Understanding the drivers for integrating sustainability into the business

1. Actively shaping consumer and customer awareness, attitudes and needs.
2. Generating new knowledge, skills and mindsets for sustainable development.
3. Leading the creation of an investment environment more favorable to sustainable business.
4. Embedding new concepts of value and performance at the organizational and individual levels.
5. Creating a clearer and more positive regulatory environment for sustainability.

Which factors have driven you, as a CEO, to take action on sustainability issues?

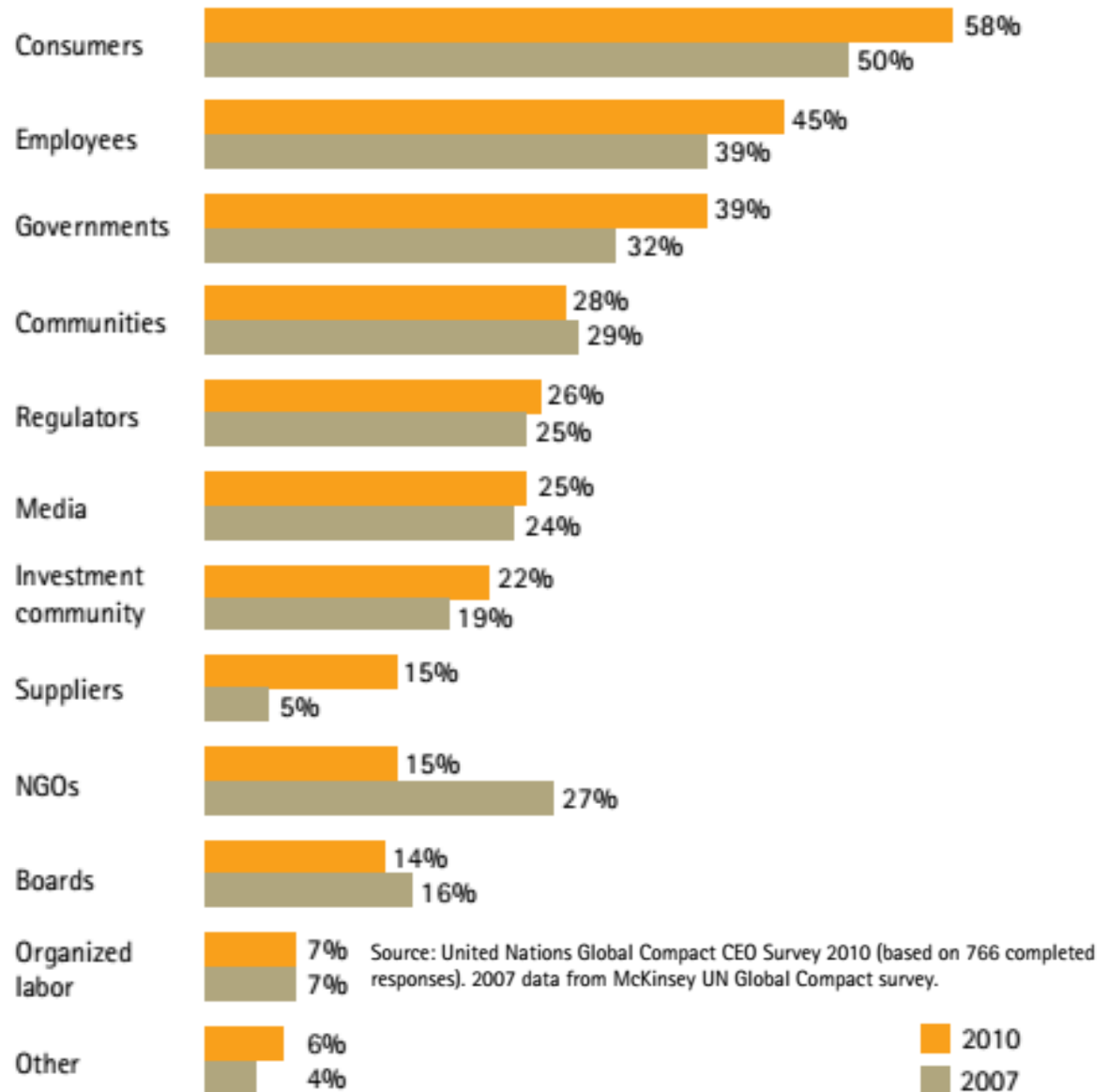
Respondents identifying each factor in their top three choices



Source: United Nations Global Compact CEO Survey 2010
(based on 766 completed responses)

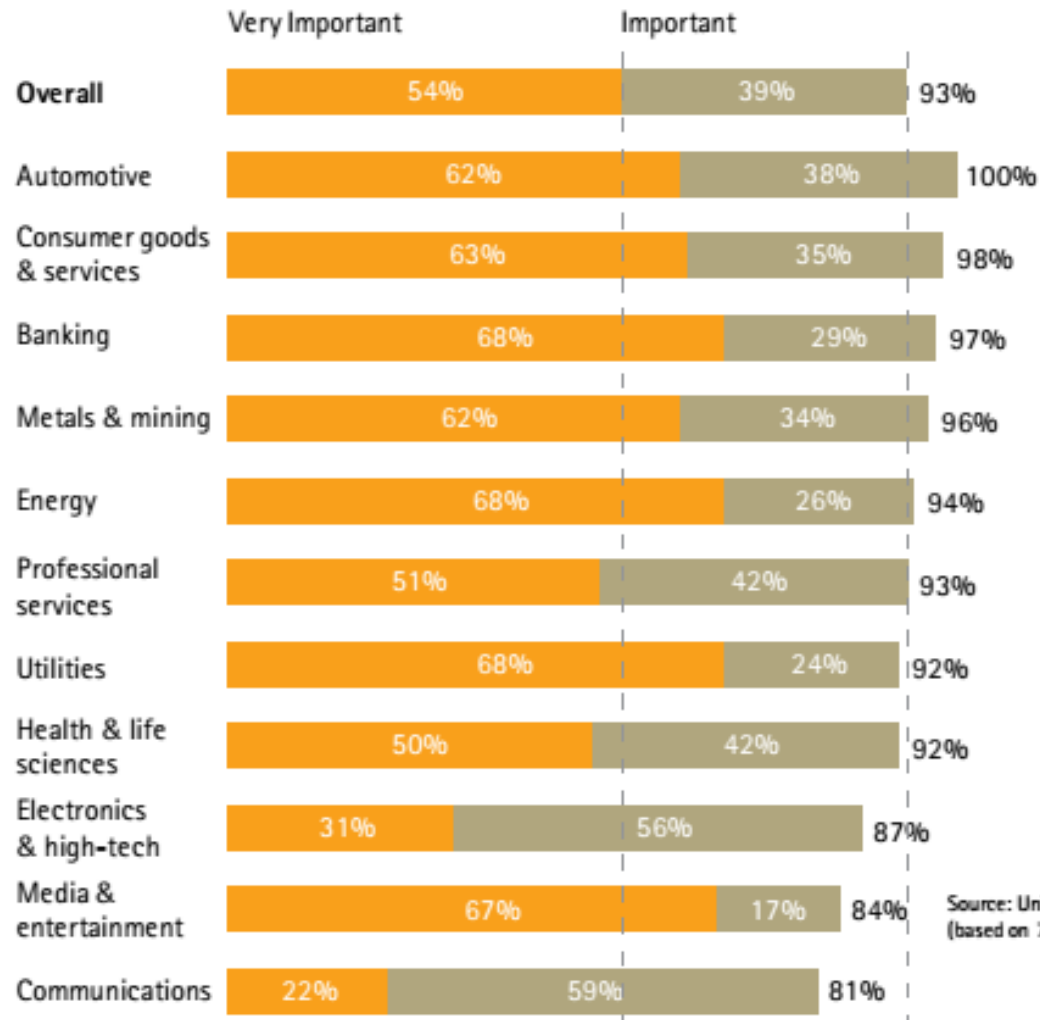
Internal Business Case for Sustainability - Understanding the “Voice of the Customer”

Over the next 5 years, which stakeholder groups do you believe will have the greatest impact on the way you manage societal expectations? (top three choices)



Internal Business Case for Sustainability - Understanding company in the marketplace

How important are sustainability issues to the future success of your business?



Source: United Nations Global Compact CEO Survey 2010 (based on 766 completed responses)

Internal Business Case for Sustainability - Understanding Risk

- Regulatory Risk: Federal, State Local agencies, and U.S. Securities and Exchange Commission – Remaining in compliance
- Market Risk: Non-governmental organizations (NGO) environmental rating activities for investors – Protecting market value
- Competitive Risk: Financial costs and balance sheet - preserving profitability and competitiveness



Gaining Top Management Commitment

Typical barriers to implementing a sustainable business strategy and plan:

- **Poorly defined business case:** Financial directors are often reluctant to invest in new areas where returns are not clearly defined
- **Varying perceptions of business risks and sustainability:** Risk managers often fail to make the connections between energy and commodity price rises, environmental legislation, customer sustainability demands and the risk drivers for the business
- **Missing connections between market opportunities and sustainability:** In their departmental silos, business unit heads can fail to recognize the link between sustainability and market opportunities



Gaining Top Management Commitment

Providing evidence to gain “buy-in”

- **Embrace data management:** Executives want to see facts and figures based on accurate data and comprehensive analysis when discussing changes in their organization. Link the sustainability plan with business performance.
- **Integrate sustainability into business language:** Take the sustainability plan and put it in language that resonates with business executives – Speak their language
- **Demonstrate the materiality of sustainability to each executive:** Identify the sustainability factors that have greatest relevance to the specific strategic objectives of *individual* executives to make the connection between sustainability and the business drivers which impact their overall business goals



Creating a Vision and Policy

Vision: How you see your business, your industry, and your company in terms of the challenges associated with environmental, social, and economic issues.

- Example: “Our vision is to increase shareholder and societal value while decreasing our environmental footprint.”



Policy: commitment to compliance, continuous improvement, pollution prevention, and communication. The elements in a policy are designed to address the core principle aspects of sustainability that reflect what the company has put into place.

- Be focused: Must clearly state the company’s vision statement and present core values and principles. The policy is meant to provide inspired leadership that establishes the framework for the policies and procedures that will be implemented to meet the stated objectives.
- Contain relevant content to the company’s existing culture and operation
- Be signed and dated.

Overall Planning Process

The process for developing a Sustainability plan has the same elements as any other strategic planning process:

External & Internal Awareness	Aligning the Organization	Building the Foundation	Bridging the Gaps	Flawless Execution
Strategic Assessment	Vision Setting	Goals & Objectives	Setting Strategy	Execution Plans
Analyze Value Drivers	Define Long-Term Guiding Direction	Identify Strategic Themes and Goals	Develop Key Strategies	Identify Tasks Required for Implementation
Quantitative and Qualitative Analytics	Identify Near-term Purpose	Set Measurement Targets	Prioritize and Screen Potential Strategies	Evaluate Resource Requirements
Define Internal Strengths and Weaknesses	Examine Corporate Values			Communication and Execution
Identify External Opportunities and Threats				

Source: FMI Management Consulting: <http://www.fminet.com/about/global/global-consulting.html>

Who Should Be Involved?

- **Business leadership** – someone who understands overarching company strategy, future product and service direction, brand identity
- **EHS leadership** (often the organization that retains ownership of plan) – someone who understands key environmental, health and safety impacts and challenges
- **HR leadership** – Someone who understands the communities and workforce that the business relies on



Remember – Sustainability is a three-legged stool, so the diversity of the team matters!

Step 1: Internal Assessment

- To set the context for your planning process, begin by examining:
 - Company values and brand identity
 - Core strengths and weaknesses
 - Current positioning in the market
 - Critical issues facing the organization
- For a Sustainability plan, this must include measurement of baseline social and environmental impacts related to operations, supply chain and product use or service delivery.
- In the context of an Environmental Management System (EMS), this activity is called defining “Environmental Aspects and Impacts”.



Step 2: External Assessment

- An external analysis is also key to setting the stage for planning. It should include:
 - Benchmarking competitors
 - Assessing market opportunities and threats, such as emerging regulations
 - Assessing customer expectations
 - Understanding company touch points with broader societal issues (e.g. climate change, water scarcity)
 - Understanding the key concerns of the communities in which you operate
- Consider using tools, such as the Global Reporting Index (GRI) to help characterize the external environment
- Other tools – Sustainability and Corporate Social Responsibility Indices, e.g. DOW Jones Sustainability Indices (criteria categories); guidance from industry-specific associations (e.g. Electronic Industry Citizenship Coalition)

GRI Performance Indicators

Environmental (8 aspects)

- Materials
- Energy
- Water
- Biodiversity
- Emissions, Effluents, Waste
- Products and Services
- Compliance
- Transport

Human Rights (9 aspects)

Labor Practices and Decent Work (6 aspects)

Society (5 aspects)

Product Responsibility (5 aspects)

Economic (3 aspects)



Step 3: Developing the Vision Statement



The organization's vision statement should:

- Be aligned with the values of the company
- Indicate a long term direction/focus
- Articulate what sustainability means to your company.
- Be supported by a set of key principles, which will help to ensure clarity

For Example:

- Ecoimagination is GE's commitment to build **innovative solutions** for today's environmental challenges while driving economic growth
- URS has promoted **sustainable development** around the world. We apply the principles of sustainability in our work for clients, within our operations, and in communities worldwide to:
 - Design energy- and resource-efficient facilities;
 - Develop alternative and renewable energy sources;
 - Improve water storage, conveyance and treatment systems;
 - Clean up hazardous waste and restore ecosystems;
 - Reduce the carbon footprint of our own operations;
 - Contribute to the health and prosperity of communities around the globe.

Step 4: Setting Goals

- The previous process steps were about understanding where the company is today and envisioning where you want to be, the impact you'd like to have, and the brand identity you'd like to build
- Goals outline what your organization needs to accomplish to move in the direction of your vision
- Goals must respond the internal and external assessment (SWOT analysis)
 - Capitalize on strengths and market advantages
 - Mitigate risks and emerging threats
 - Anticipate opportunities





Step 5: Prioritizing Strategies

- There will be many possible ways to achieve your goals, so it will be important to prioritize.
- The emerging concept of **materiality** in corporate reporting (originally developed for financial analysis) is a useful starting point.
- Strategies should move the needle on the company's most significant impacts as viewed by key stakeholders, including:
 - Investors
 - Employees
 - Customers



GRI Reporting Principles



Principles for Defining Report Content

Materiality – content that reflects company’s significant economic, environmental, & social impacts or that influences stakeholders

Stakeholder Inclusiveness – Identify stakeholders and responses to their expectations and interests

Sustainability Content – Company’s sustainability performance

Completeness – Coverage of material topics, indicators and definitions sufficient to reflect sustainability impacts and enable stakeholders to assess company’s performance

Principles for Ensuring Report Quality

Balance – Positive and negative aspects of company’s performance to enable a reasonable assessment of overall performance

Comparability – Issues and information should be selected, compiled and reported consistently and presented to enable stakeholders to analyze change in performance over time and analyzed relative to other organizations

Accuracy – Sufficiently accurate and detailed to assess performance

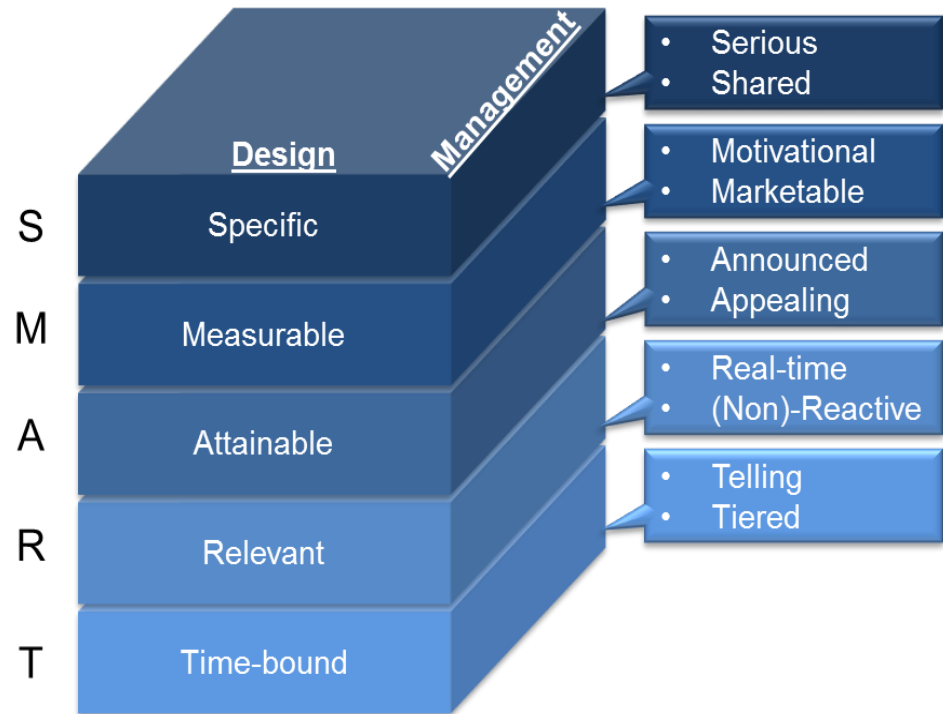
Timeliness – Reporting on a regular schedule and information is available in time for stakeholders to make an informed decision

Clarity – Report information is understandable and accessible

Reliability – Information and processes used in preparation of a report should be gathered, recorded, compiled, analyzed, and disclosed in a way that allows for examination and establishes quality and materiality

Step 6: Establishing Performance Metrics

- Plan performance metrics should answer the following questions:
 - Are we executing our strategy?
 - If we are not executing or do not know, what are the leading indicators that we will need to provide this information?
 - Do we have the right strategy in place?
- Metrics must be visible and well integrated with business process



Source: Chris Davis, METIS Strategy (2013) "Managing Through Metrics: The Other Sides of SMART."

Next step: Taking Action

A long term sustainability plan is ineffective without an action plan. Key next steps include:

- Identifying resources for taking action
- Establishing an ongoing communication plan
 - Internal and external plans will likely differ
- Evaluating performance against plan targets
- Conducting management reviews
- Continuous improvement
 - Our understanding of both current state and future trends is dynamic, so resulting plan should be viewed as a living document



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Contains portions of some materials initially prepared with support of the New York State Department of Environmental Conservation for New York State Pollution Prevention Institute (NYSP2I) at Rochester Institute of Technology.



New York State Pollution Prevention Institute (NYSP2I)

Sustainability Plan Development Worksheet

This worksheet can be used to brainstorm and start thinking about the elements of a sustainability plan for your company.

Your Name and Position: _____

Company Name: _____

Industry Sector: _____

Does company have a strategic business plan (1 year, 3 years, 5 years)?

NO, YES

Does the strategic business plan currently include elements of sustainability (employees, community, environment, health & safety, customers, suppliers)?

NO, SOME ELEMENTS, MANY ELEMENTS

Create a Business Case for integrating Sustainability into your business. Think about:

- Business and economic opportunities & risks
- Cost reduction opportunities
- Regulatory compliance
- Environmental impacts (see questions further down)
- Social impacts
- Customer requirements
- Transportation and supplier interruptions
- Industry trends
- Brand value and reputation
- Your competition's sustainability commitments
- How you can differentiate your company

Notes: _____



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Consider Top Management and Key Internal Stakeholders (names and/or titles) that will need to have buy-in the sustainability commitment:

For example: Owner / CEO / President, CFO, COO, Production Manager, Key Departments, Procurement, Facilities & Maintenance, Human Resources, Marketing, Employee Representatives

Notes: _____

List Top External Stakeholders that influence your business decisions such as key customers, investors, suppliers, governments, employee organizations, the community surrounding your business, industry trade associations, NGOs, activist organizations, experts and academic institutions

Notes: _____

Write your vision for your company's sustainability commitment:

What is the company hoping to achieve? How would it contribute to a sustainable world? How can this vision last into the long-term future? Remember, this is a *vision*, not an end goal.

Notes: _____



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What are your company's key impacts?

- What are your key processes and activities? How are they managed?
- What materials and chemicals are brought into your company and used?
- What energy is consumed (natural gas, propane, oil, electricity) and how much? Do you use any alternative energy?
- What is water used for? How much is consumed and discharged?
- What comprises your waste? How much waste is generated? Is any reused, recycled, or composted? How can waste be reduced?
- What products do you produce and what happens to them once they leave your facility? What impact do your products have over their lifespan? What happens to them at the end-of-life?
- What impact does your company have on its community? What is your relationship and interdependence on the community? What do you take from the community and what do you give to it?
- Where are your purchased products and material inputs coming from? How are they originally obtained, harvested or mined?
- What is your impact on your industry? Can you affect change on your industry?
- What is the cost of each of these impacts?

Notes: _____



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What are your areas for improvement? Prioritize them.

Notes: _____

What are your Top Goals?

1. _____

2. _____

3. _____

What Action Plans are needed to achieve your Goals:

Notes: _____

Next Steps:

1. Communicate and keep an open dialogue going with your top management and internal and external stakeholders about committing to sustainability and what they consider the most important sustainability topics to manage and report on
2. Create a planning team to assist with setting the direction for sustainability for the company, developing the Sustainability Plan and action plans, and leading sustainability efforts.
3. Establish baseline measurements to then monitor performance and measure progress.
4. Benchmark against your completion or industry and follow marketplace trends
5. Report on your vision, goals and progress to your stakeholders