



Welcome to our Webinar

Using Sustainability Strategy to create Business Value

Leadership & Sustainability

February 23rd, 2016

Using GoToWebinar Control Panel

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Click the drop down arrow to open Chat

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The screenshot shows the GoToWebinar Control Panel interface. At the top, there's a title bar 'GoToWebinar Control Panel' with standard window controls. Below it, a sidebar on the left contains icons for Screen Sharing, Dashboard, Attendees (1 out of 101), Audio, Talking, Webcam, Questions, and Polls. The main content area is divided into sections: Audio (with Telephone and Mic & Speakers options), Talking (with Webcam and Questions sub-sections), Polls (with a 'Select a Poll...' dropdown and a 'Launch Poll' button), Handouts (with a 'Drag & drop a file' area and a 'Choose a file' button), and Chat. The Chat section is highlighted with a large green arrow pointing to a dropdown arrow icon. Below the Chat section, there's a text input field labeled 'Type message here.' with another green arrow pointing to it. At the bottom of the Chat section, there's a 'To:' dropdown menu set to 'All - Entire Audience' and a 'Send' button with a green arrow pointing to it. The footer of the interface displays 'Sample Webinar', 'Webinar ID# 146-253-883', and the GoToWebinar logo.

Meet our Speakers

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Matthias Malessa

CEO,
Malessa Consulting



Karin Ekberg

CEO,
Leadership & Sustainability

Today's agenda

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Our Approach to Sustainability Strategy

- Exploring the need for a Sustainability Strategy
- Materiality Assessment
- How to develop and implement a Sustainability Strategy
- The Business Case
- Follow-up and reporting

Interview with Matthias Malessa

- How to engage with the C-Suite
- How to effectively engage employees
- Factors that influence success

Q&A Session

What is the process to develop a strategy?

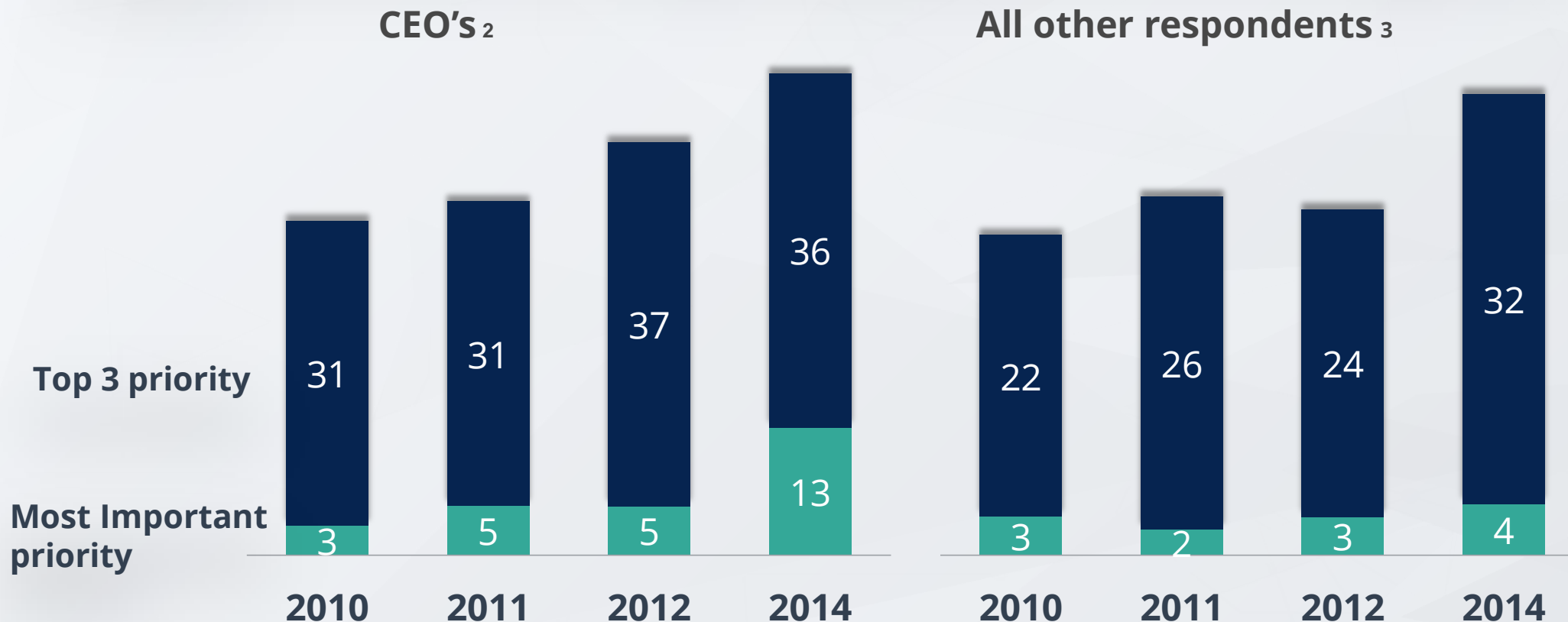
5



Sustainability's strategic position on the CEO agenda

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% of respondents¹



69% of our corporate respondents said their CEO was convinced of the value of sustainability

Source: The State of Sustainability 2015. Ethical Corporation.

1. Respondents who answered „a priority but not a top 3 agenda item“, „not a significant agenda item“ and „don't know“ are not shown.
2. n=175 – 364. The survey was not run in 2013.
3. n=1 574 – 3 483. The survey was not run in 2013.

Source: Sustainability's strategic worth: McKinsey Global Survey results. McKinsey&Company.

Leadership & Sustainability

Explore the need /
Review

Materiality
Assessment

Sustainability Strategy
Development

Implementation

Performance assessment
& Reporting

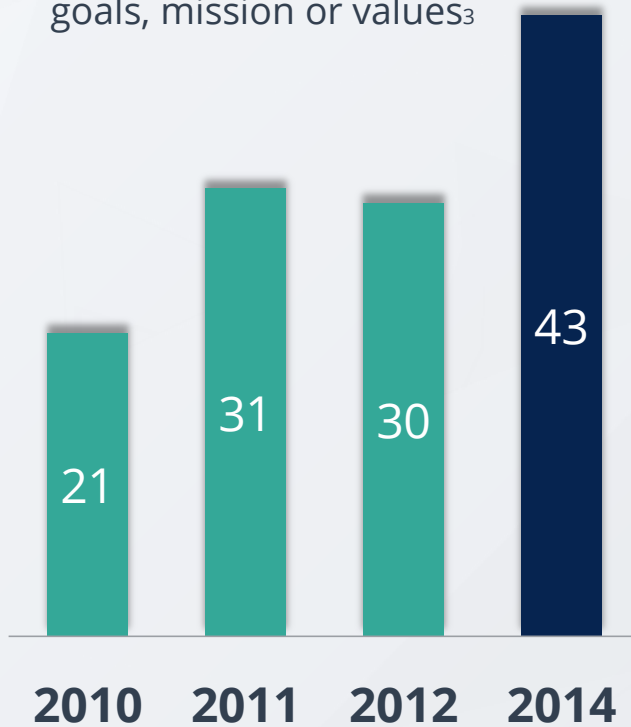
Top 3 reasons why organizations address sustainability²

7

% of respondents¹

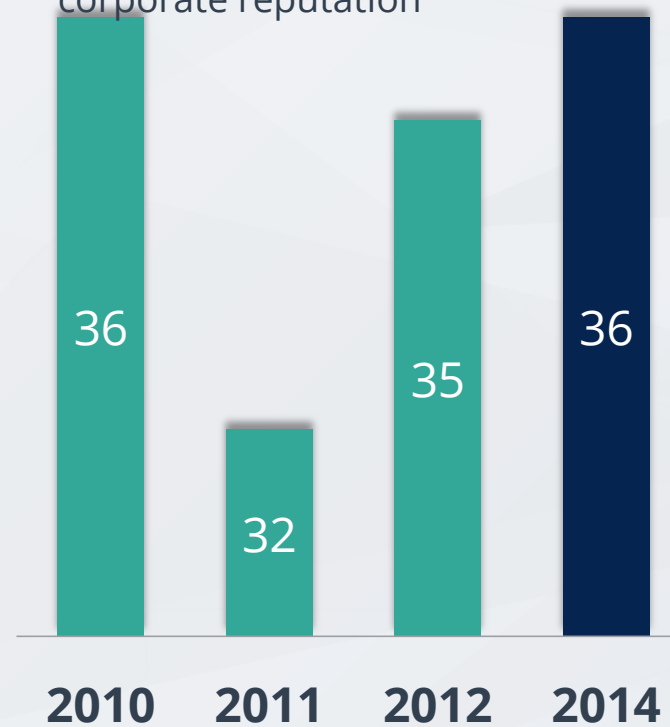
Alignment

Align with company's business goals, mission or values³



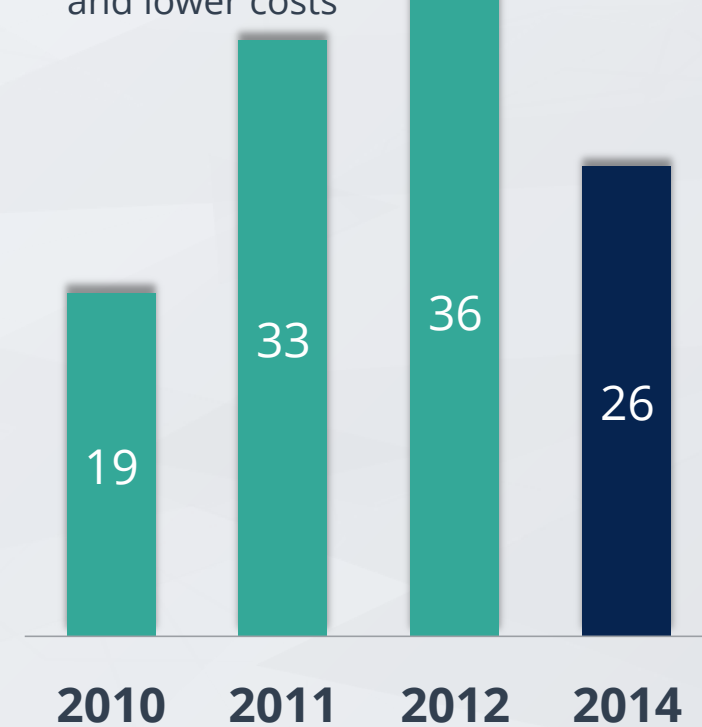
Reputation

Build, maintain, or improve corporate reputation



Cost cutting

Improve operational efficiency and lower costs



1. n=1 749 – 3 847. The survey was not run in 2013.
 2. Out of 12 reasons that were presented as answer choices in the question.
- Source: Sustainability's strategic worth: McKinsey Global Survey results. McKinsey&Company.

Materiality is a must according to GRI G4

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In G4, organizations will be required to report only **what** matters - and **where** it matters.

The G4 framework more explicitly requires reporting efforts to center on materiality - **impacts, risks** and **opportunities, for example financial, legal and operational**.

The first step G4 requires is a **systematic materiality assessment** followed by disclosure of what those material topics are.

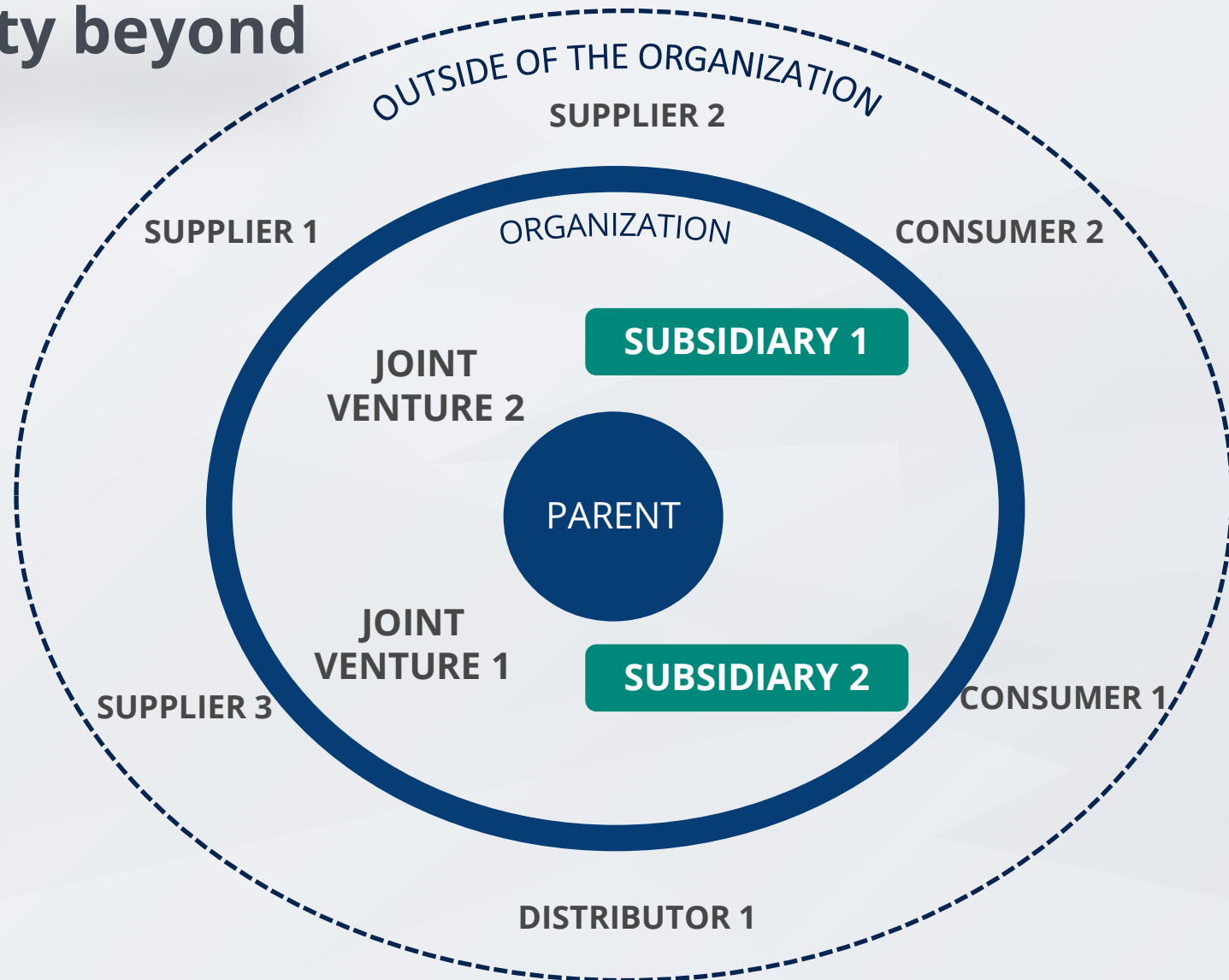
- **Materiality** is the **basis** for any meaningful **sustainability strategy**



GRI - Responsibility beyond own operations

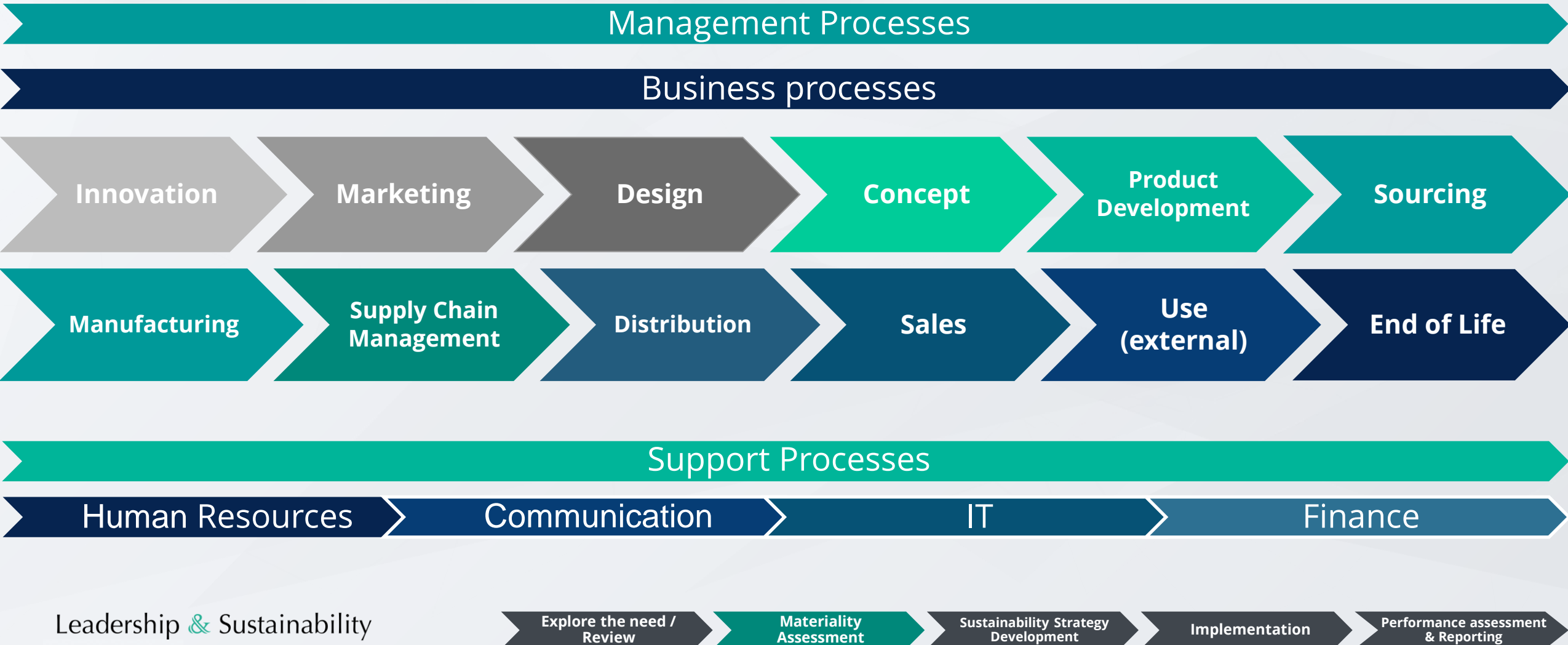
An example where the topic of anti-corruption is relevant to certain entities within, but also outside the organization

Source: G4 Implementation Manual, Global Reporting Initiative.



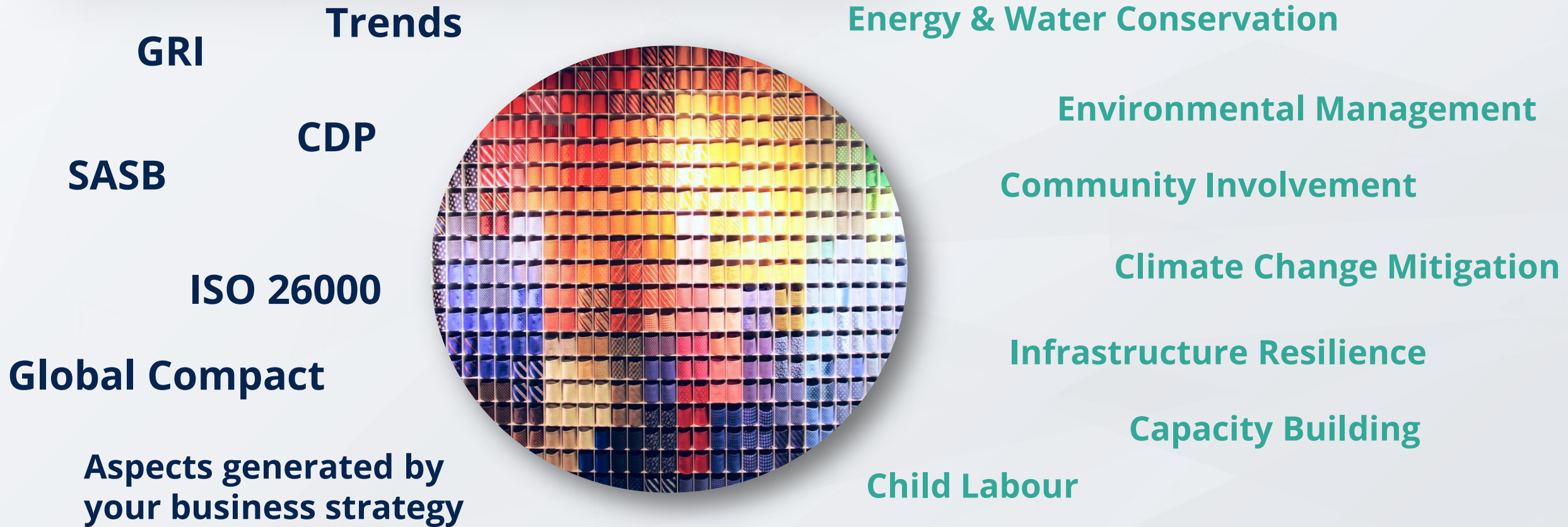
Materiality – Value Chain Approach

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Which sustainability aspects to pick?

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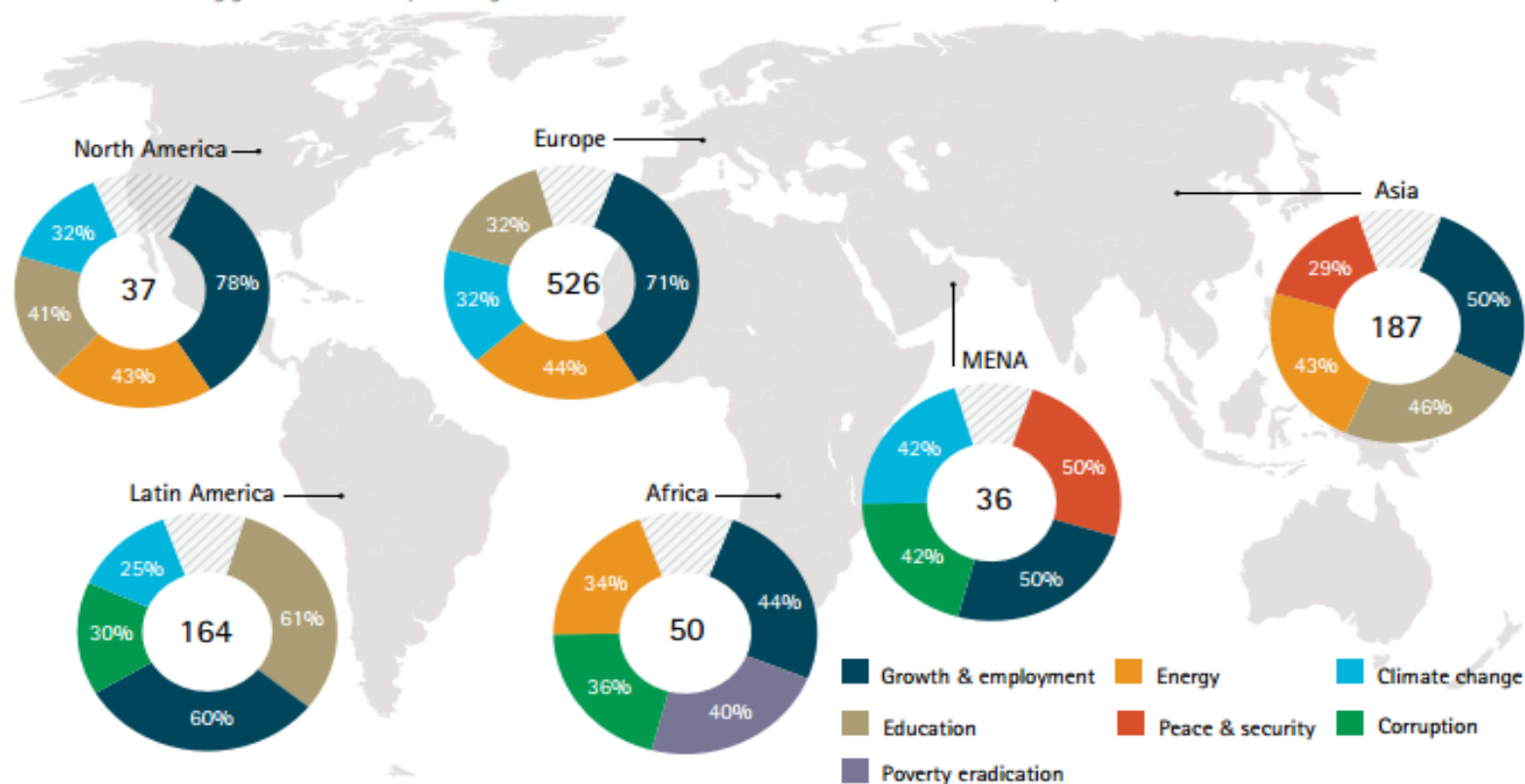


Sustainability aspects – regional differences

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Figure 6: The immediacy of sustainability challenges is reflected in their relative importance for CEOs from region to region

Which of the following global sustainability challenges are the most critical to address for the future success of your business?



Note: Percentage represents the proportion of CEOs in each region numbering each issue among their top three most important sustainability challenges to address for the future success of their business; central figures indicate the number of survey respondents in each region.

Source: The UN Global Compact- Accenture CEO Study on Sustainability 2013. Architects of a Better World. United Nations Global Compact.

Assessment matrix – Hot Spots

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Sustainability aspects	Business Strategy & Management	Innovation	Suppliers	Own Manufacturing	Warehousing	Transport	Use	End of Life	Support processes (comm; HR;IT)
Sustainability practices	Neutral; some potential; Less relevant	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Significant potential
Environment - process	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed
EMS; ISO 14001	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Neutral; some potential; Less relevant	Significant impacts, etc., and very good programs implemented	Neutral; some potential; Less relevant	Neutral; some potential; Less relevant	Neutral; some potential; Less relevant	Neutral; some potential; Less relevant	Not relevant/ not assessed
Energy consumption & Carbon	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Significant potential	Neutral; some potential; Less relevant	Neutral; some potential; Less relevant	Significant impacts, etc., and very good programs implemented	Neutral; some potential; Less relevant	Not relevant/ not assessed
Environment - product	Neutral; some potential; Less relevant	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Not relevant/ not assessed
Ethics/social	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented	Significant impacts, etc., and very good programs implemented
Ethics	Significant potential	Not relevant/ not assessed	Significant impacts, etc., and very good programs implemented	Significant potential	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Significant potential
Human rights, social	Neutral; some potential; Less relevant	Not relevant/ not assessed	Neutral; some potential; Less relevant	Significant potential	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Not relevant/ not assessed	Significant potential

■ Significant potential
 ■ Neutral; some potential; Less relevant
 ■ Significant impacts, etc., and very good programs implemented
 ■ Not relevant/ not assessed

Strategy Development – What do sustainability leaders do?

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% of respondents

Organizational characteristics that are true of the respondents' companies ¹

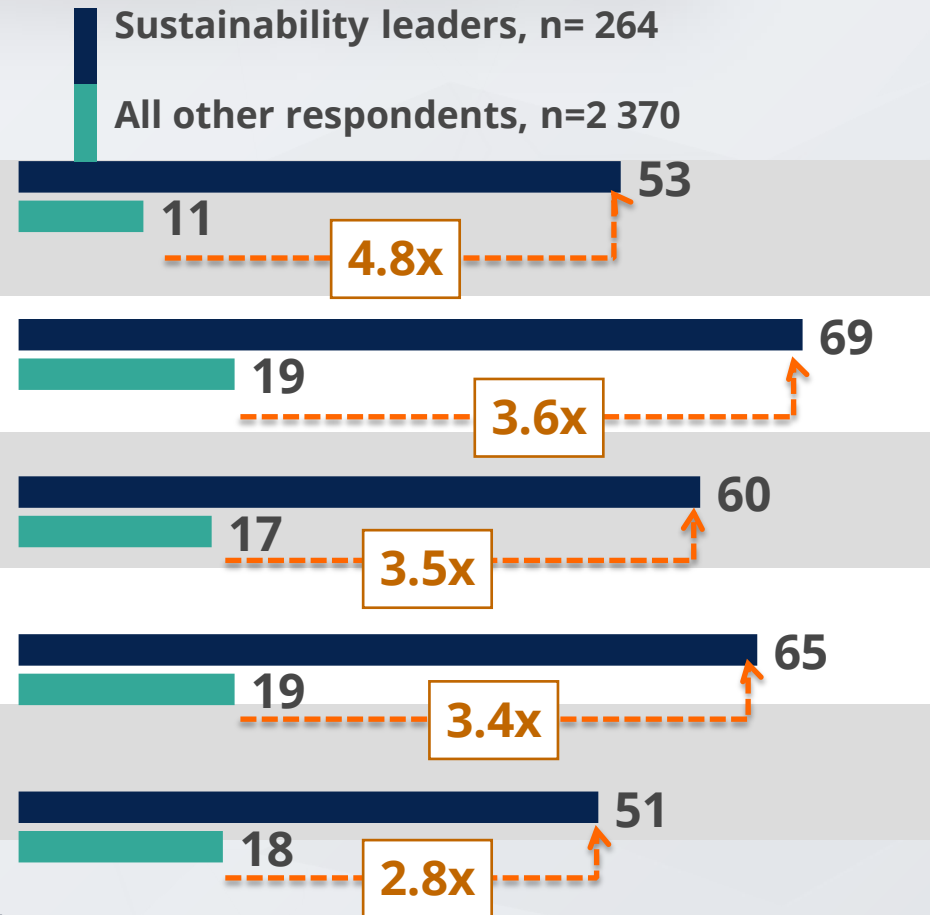
We set **aggressive external targets or goals** for our sustainability initiatives

We have **a unified sustainability strategy** with clearly articulated strategic priorities (eg. no more than 5 focus areas)

We set **aggressive internal targets or goals** for our sustainability initiatives

A **broad leadership coalition is involved** in shaping or co-creating the sustainability strategy, goals and milestones

The **financial benefits of sustainability are clearly understood** across the organization



1. Out of 12 characteristics that were presented as answer choices in the question.

Source: Sustainability's strategic worth: McKinsey Global Survey results. McKinsey & Company.

Strategy development – The Steps

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- **Define**
 - team (cross-functional),
 - process and timelines
 - ambition level (i.e. budget, resources, etc.)
- **Develop** a vision & mission
- Continuously **embed and align** with business strategy
- **Goal iteration process** → see illustration to the left
- **Secure** management buy-in
- **Decide** / Management approval
- **Finalize** the strategy

Business case

38% of CEOs report that they are able to accurately quantify the business value of their company's sustainability initiative.

The UN Global Compact- Accenture CEO Study on Sustainability 2013. Architects of a Better World.



Business case - examples

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Risk minimization

- Volkswagen lost 23% of it's market capitalization after the emission scandal (2015)

Compliance

- Bad Bath & Beyond, Nordstrom, JC Penney fined with 1.3 m\$ for misleading environmental claims (2015)

Innovation & Market development

- Philips Green Products revenues increased from 8.8 billion EUR to 11.3 billion from 2012 to 2013

Cost savings

- Siemens reduced supplier costs by 17%
- Walmart sustainable packaging is saving 11 billion\$

Integrated operations

- Consolidation of suppliers
- Consolidation of materials, colors
- Environmental management accounting to link sustainability and accounting

Brand & Reputation enhancement

- Sustainability contributes more than 910m\$ to Philips brand value of 9.1 billion\$ (in 2012)

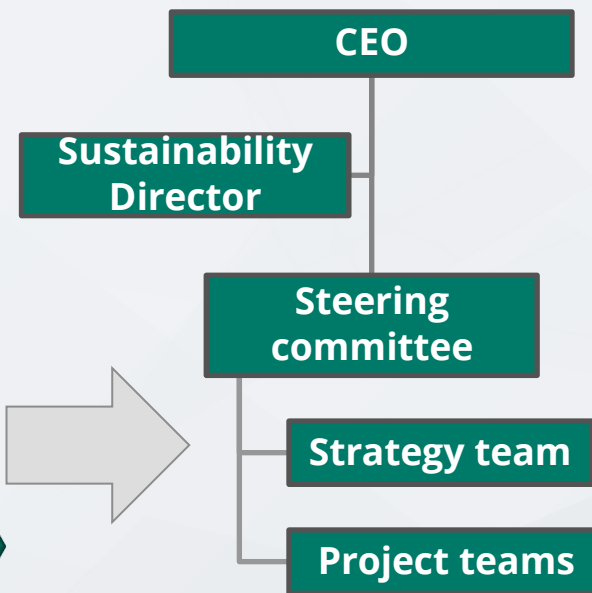


Implementation

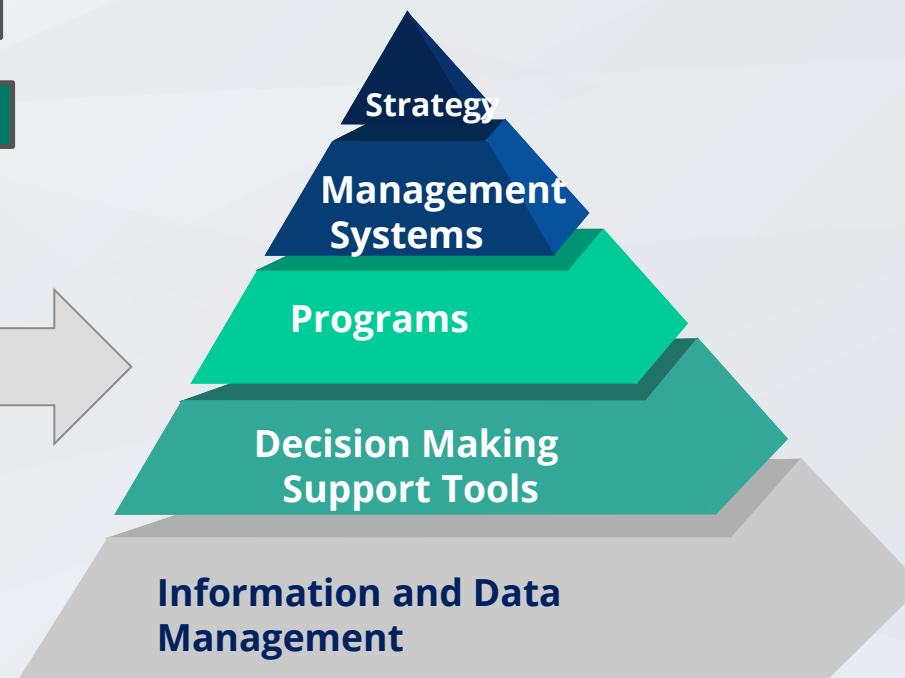
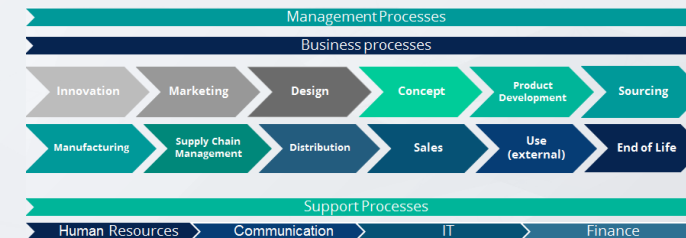
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McKinsey&Company. 7S model for strategy implementation



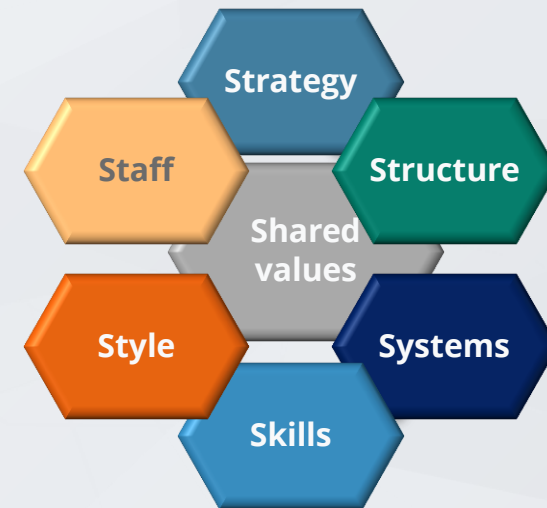
Organizational chart with inclusion of business functions



Implementation - Further steps

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- **Systems**, cont'd:
 - Define projects for every goal and develop metrics and KPIs to measure and follow up on goal achievement. Example:
 - Energy – saving project in own stores... include 20 stores, goal to save 15% energy in 5 years, KPI: energy consumption / m2 (or GHG emissions / m2)
 - Identify Software & tools for follow up
 - EMA; Environmental Management accounting
 - Natural Capital Accounting
- **Shared values** & **leadership style** to reflect the strategy
- **Change management** plan
- Program & Program document
- **Values, Culture, Employee engagement**



Implementation - Culture & Employee engagement

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A sustainable business model holds culture & employee engagement as one of the key business drivers for organizational success.

- Employee engagement has the potential to significantly affect productivity, company reputation and customer satisfaction
- Engaging employees minimizes the risk of employee turnover
- Employee **job descriptions (staff)** and **skills'** training





Final phase

- Follow up and adjust
- Reporting
- Improvements
- Collaboration
- Emerging strategy – what is that?

Interview with Matthias Malessa

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CEO,
Malessa Consulting

Questions & Answers

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Leadership & Sustainability – Overview of Solutions

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Consulting



Sustainable Business Models



Empowerment



Software & Tools



Solutions - Rapid Assessment – Value Chain / Supply Chain

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We offer a rapid materiality assessment that covers a high level view of your value chain / supply chain and all your sustainability issues.

Process

- Questionnaire sent in advance
- Kick-off workshop on site or via webinar; collecting all info
- Assessment
- Report back via webinar

Deliverables

- Assessment report identifying status, risks, opportunities over the value chain / supply chain and your sustainability issues
- Webinar presentation of the report

Contact us for more information and pricing

Solutions – Strategy development

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- Building on a robust materiality assessment, we can support you with your strategy development
- We make a process and plan together with you and your peers
- We define the deliverables together
- We guide you through the process of owning your own sustainability strategy

Contact us for more information and pricing



Solutions – Empowerment Trainings

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We offer tailor-made in person and online trainings for employees and suppliers, to support you in the implementation of your sustainability strategy across the organizational structure.

Process

- Develop custom training materials, including highly visual presentations.
- Conduct pilot trainings
- Refine Training materials

Deliverables

- Conduct on-site or online trainings
- Materials and documentation for further use provided by world-class long standing sustainability experts

Contact us for more information and pricing

 Thank you for joining us today

Leadership & Sustainability

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