Sustainability – A Practical Approach for Business and Universities

By
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Illinois Waste Management & Research Center
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Sustainability in the News

- Wal-Mart
- GE
- Nobel Peace Prize
- Al Gore, Tony Blair and Climate Change
- Water Shortages
- Socially Responsible Investing
- Bono
- Bill & Melinda Gates

Green Business is Big Business

- Clorox: $1 bil. for Burt's Bees

- L'Oreal: $1.4 bil. for The Body Shop

- Whole Foods: '07 Sales= $6.6 bil.

- Toyota Prius: >1 million sold

Why are companies (even small ones) going Green??

Top Reasons For Increased Focus on Sustainability by Companies

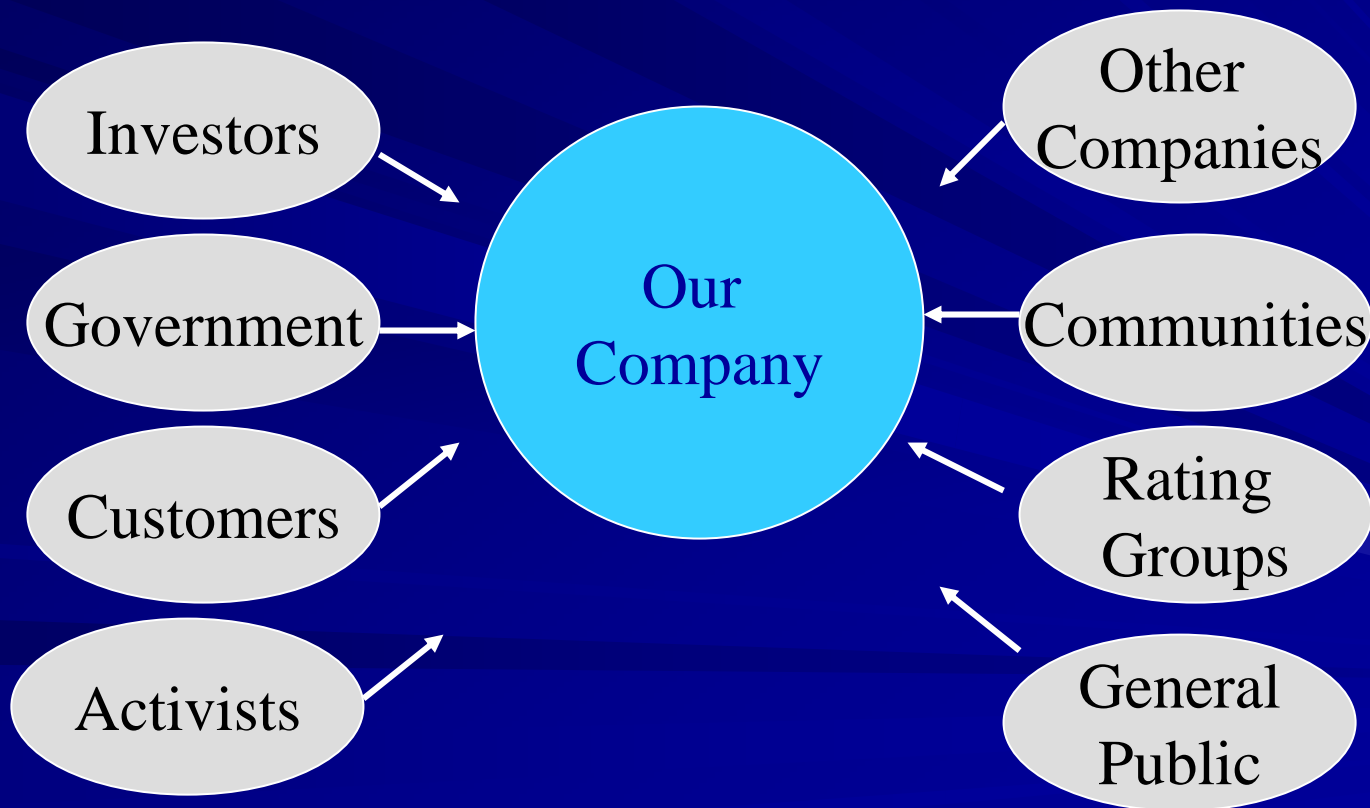(Source: 2007 Conference Board study of 18 major corporations.)

1. Reputation, brand

2. Stakeholder pressure (esp. customers)

3. Reduce waste (and costs), increase productivity

4. Employee morale, motivation and recruitment

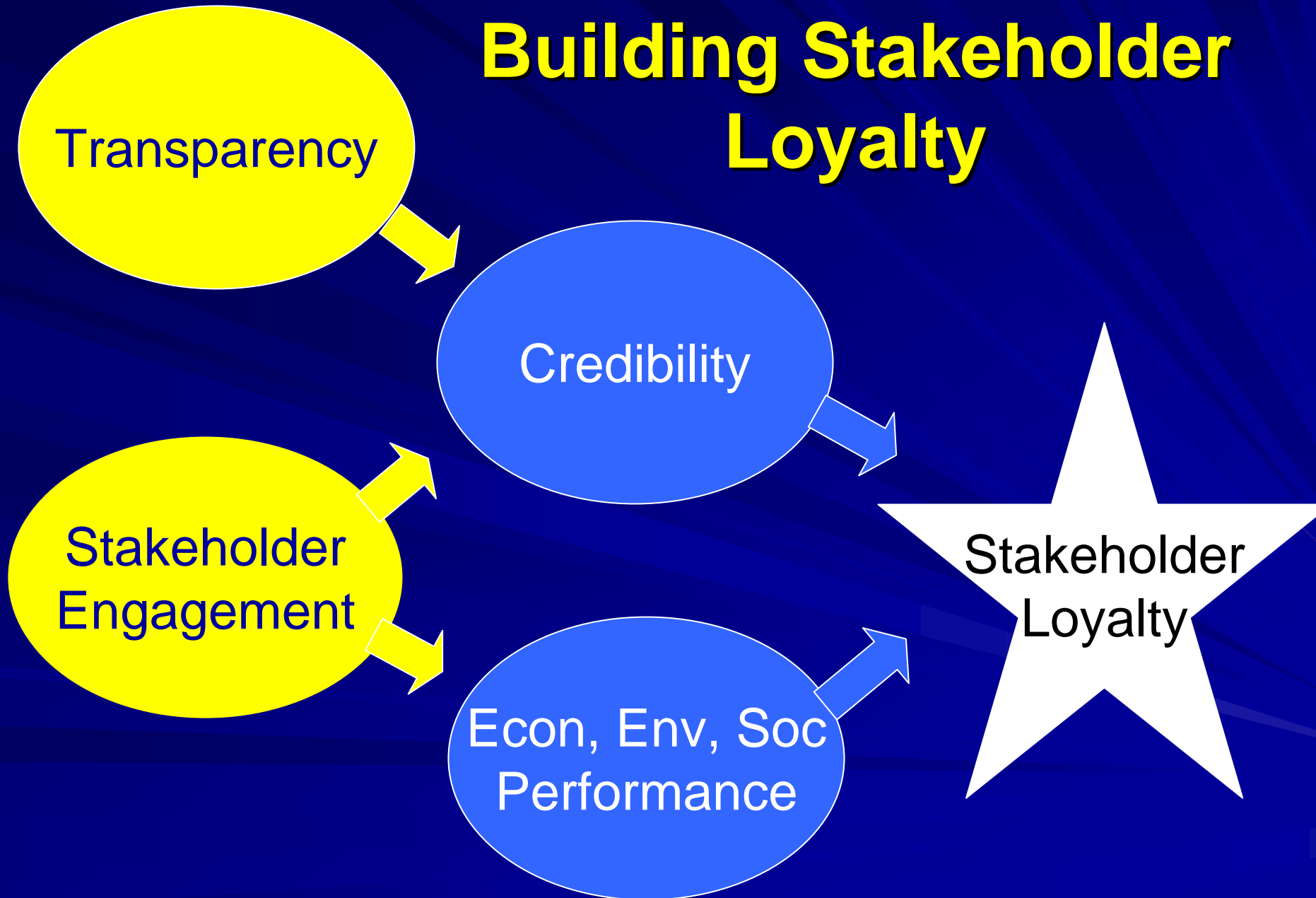5. Peer pressure (competitors, high-visibility companies)

Two Benefits for Organizations in Proactively Seeking Sustainability

1. Long-term financial viability

2. Loyalty of key stakeholders

Business Needs the Loyalty of Key Stakeholders to Be Successful

Investors

Government

Customers

Activists

Other Companies

Communities

Rating Groups

General Public

Our Company

Building Stakeholder Loyalty

Transparency

Credibility

Stakeholder Engagement

Econ, Env, Soc Performance

Stakeholder Loyalty

Large corporations are beginning to see the strategic importance of sustainability.

e.g., Wal-Mart vice president of strategy & sustainability

WAL★MART®

Wal-Mart Packaging Initiatives

- Environmental Sustainability Packaging Summit
  - 45 major packaging suppliers
  - 2,000 attendees
- Sustainable Packaging Value Network

  200 global packaging leaders from government, academia, NGOs, and industry
- 5% Packaging Reduction Goal
  - 60,000 suppliers
  - $11 billion savings ($3.5 billion to Wal-Mart)

WAL★MART®

What is sustainability??

Digging Deeper into the Definition of Sustainability

- Intuitive definition

Digging Deeper into the Definition of Sustainability

- Intuitive definition

- General definition

General Definition of Sustainable Development
UN Brundtland Commission (1987)

"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

General Definition of Sustainability
Triple Bottom Line
(Elkington 1997)

Meeting the bottom line of not just <u>economic</u> (financial) performance, but <u>social</u> and <u>environmental</u> performance as well.

General Definition of Sustainability
Dow Jones Sustainability Index

"A business approach to creating <u>shareholder value</u> by embracing opportunities and managing risks deriving from <u>economic</u>, <u>environmental</u> and <u>social</u> developments."

General Definition of Sustainability
2R's
(Blackburn 2007)

- Respect: respect for people and other living things

- Resources: the wise use of economic and natural resources

---for the purpose of promoting the long-term well-being of the organization and society.

Sustainability vs Other Terms??

- Sustainable Development

- Sustainable Growth

- Social Responsibility/ CSR

- Corporate (Global) Citizenship

- Corporate Responsibility

Digging Deeper into the Definition of Sustainability

- Intuitive definition

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- General definition

⬇

- Expected organizational behaviors

A Corporate Commitment to Sustainability

(A Sample Sustainability Policy)

It is within the best interests of our company and society as a whole that our company move along the path to sustainability. To that end, we will strive to achieve the following vision of performance:

1. Economic success: the wise use of financial resources

a. Company Economic Prosperity
Our business is positioned to survive and prosper economically.

b. Community Economic Prosperity
We are helping our community survive and prosper economically.

2. Social responsibility: respect for people

a. Respect for Employees

We treat our employees in a respectful, fair, non-exploitative way, especially with regard to compensation and benefits; promotion; training; open, constructive dialogue with management; involvement in decision-making; working conditions that are safe, healthy and non-coercive; rights of association, collective bargaining and privacy; employment-termination practices; and work-life balance.

b. Diversity, Fair Hiring Practices

We promote diversity and use hiring practices that are fair, responsible, non-discriminatory, and non-exploitative for our employees, board members, and suppliers.

c. Responsible Governance

We manage our risks properly, use our economic power responsibly and operate our business in a way that is ethical and legal.

d. Respect for Stakeholders

We are transparent, respectful and fair to local populations, investors, suppliers and other stakeholders outside our organization who may be affected by our operations. We work collaboratively with our communities, governments and supply chain to enhance the well-being of others.

e. Fair Dealing With Customers

We are honest and fair with our customers, competing fairly for their business, respecting their privacy, and providing them safe and effective products and services under the conditions we promise.

3. Environmental responsibility: respect for life; the wise management and use of natural resources

a. Resource Conservation

We conserve our use of natural resources to the extent practicable.

b. Waste Prevention and Management

We reduce to the extent practicable the volume and degree of hazard of the wastes we generate from our operations, and handle them in a safe, legal and responsible way to minimize their environmental effects.

c. Environmental Risk Control and Restoration

We minimize the risk of spills and other potentially harmful environmental incidents, restore the environment where damaged by us, and enhance it to better support biodiversity.

d. Supply Chain Impacts

We work with others in our supply chain to help assure environmental impacts and risks associated with our products and services are reduced and properly controlled.

e. Collaboration With Communities

We collaborate with our communities to protect and improve the environment.

Digging Deeper into the Definition of Sustainability

- Intuitive definition

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- General definition

  ⬇

- Expected organizational behaviors

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- Common sustainability topics

Examples of Economic Topics

Sales	Debt and interest	Community donations
Profits	Wages	Taxes
Dividends	Market share	Tax subsidies
Cash flow	Retained earnings	Local purchasing
R&D investment	Liabilities	Credit rating
Capital expenditures	Return on investment	Brand strength

Examples of Social Topics

Ethics	Workplace safety	Employee shared values
Product usefulness	Corporate governance	Employee work-life balance
Product quality	Employee relations	Human rights (security policies, etc.)
Product safety	Product labeling	Fair advertising and labeling
Union relations	Board diversity	Impacts on local cultures
Producer responsibility	Supplier diversity	Employee diversity
Consumer privacy	Employee privacy	Employee training and development
Emergency preparedness	Non-discrimination policies	Employee wellness programs
Child labor	Community outreach	Employee assistance programs
Forced labor	Employment	Employee turnover
Disciplinary practices	Transparent public reporting	Employee layoff policies
Flexible work options	Dependent care benefits	Anti-sexual harassment policies
Charitable donations	Bribery and corruption	Political contributions
Antitrust practices	Securities regulation	Helping the disadvantaged
Occupational health	Industrial hygiene	Food product nutrition
Bioterrorism	Worker violence	Support for community services
Indoor air pollution	Indigenous rights	Access to healthcare by the poor

Legal compliance concerning the above topics

Examples of Environmental Topics

Waste disposal	Air pollution	Water pollution
Chemical spills	Greenhouse gases	Ozone-depleting substances
Water conservation	Energy conservation	Natural resource usage
Pollution prevention	Recycling	Biodiversity
Packaging reduction	Soil contamination	Product take-back
Natural habitat restoration	Wetlands protection	Wildlife conservation
Animal rights	Product energy use	Customer disposal of products
Precautionary Principle	Spill prevention	Renewable energy and materials
Endangered species	Soil erosion/depletion	Environmentally sensitive design

Compliance with environmental laws and permits

Some Observations About Sustainability

- Sustainability is <u>not about one thing</u>.

- The <u>business case</u> for sustainability is really the business case for <u>a process that looks at sustainability trends and issues and prioritizes among the opportunities and threats</u> to an organization to select those for action that contribute the <u>most value.</u>

Common Organizational Threats & Opportunities

Threats	Opportunities
-Legal	-Productivity, cost
-Financial	-Employee relations
-Reputational	-Reputation
-Competitive	-License to operate, community appeal
-Operational	-Sales, new markets, customer appeal
	-Innovation, new products and services

Sample SWOT Analysis for Sustainability Issue: Water

| Issue	Threat	Opportunity	Strength	Weakness	Possible Objectives
Depletion of Fresh Water Resources	1. Water shortage could jeopardize operations 2. Some competitors have long-term water rights	1. Water conservation projects can save money, help secure supply 2. More on-site water treatment and reuse are possible 3. May be able to secure long-term water rights in some locations	1.Some water conservation projects underway 2. Internal engineering expertise	1. No long-term water rights secured in some growth regions 2.Some communities serving our factories have poor water supply infrastructure	1. Investigate water risks on site-by-site basis and develop actions to address them; 2. Consider more aggressive water treatment, reuse and conservation programs using internal engineers 3. Explore possibility of securing long-term water supplies in high risk areas while respecting community

Naomi Backarian Photos

Sustainability Trends:
Conditions and Responses
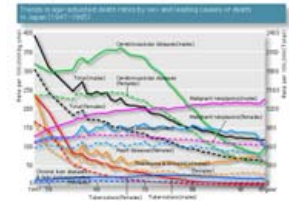
- Growth in Global Business Competition
- Speed of Communications/ Digital Divide
- Widening Prosperity Gap (Health, Income, Services)
- Population Growth
- Serious Disease
- Mental Health Problems
- Increased Immigration; Lower Fertility in Industrialized Nations
- Hunger and Malnutrition
- Child and Forced Labor
- Education Needs for the Disenfranchised
- Urbanization

- Over-consumption of Resources
- Obesity; Poor Food Nutrition
- Fossil Fuel Depletion
- Climate Change
- Deforestation
- Threats to Biodiversity
- Fresh Water Depletion/Water Contamination
- Wetlands Destruction
- Fish Depletion
- Coral Reef Destruction
- Spread of Hazardous Pollutants
- Declining Soil Quality
- Ozone Depletion
- Declining Corporate Credibility

- **Opposition to Globalization**
- **Extended Producer Responsibility**
- **Green Products**
- **Green Marketing/Labeling**
- **Green Product Certification**
- **Rise in Socially Responsible Investing**
- **Investor Concerns about Corporate Governance**
- **Increased Demands for Transparency/ Public Reporting**
- **Growing Power of NGOs/CSOs**
- **Increasing Global Terrorism**

World's Population
(Billions of people)
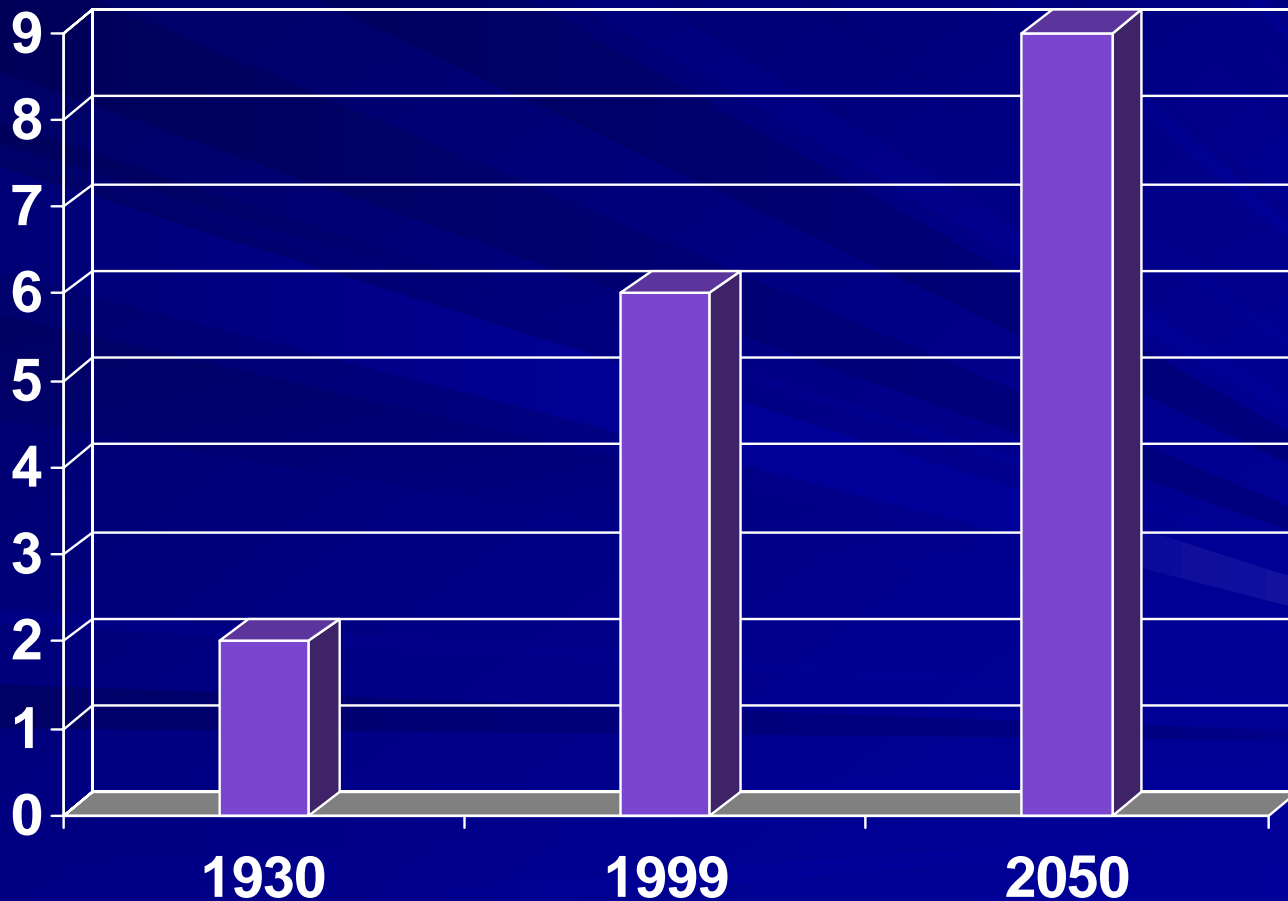
US Consumption and Waste!!

- 5% of the population

- 25-30% of the resources and wastes

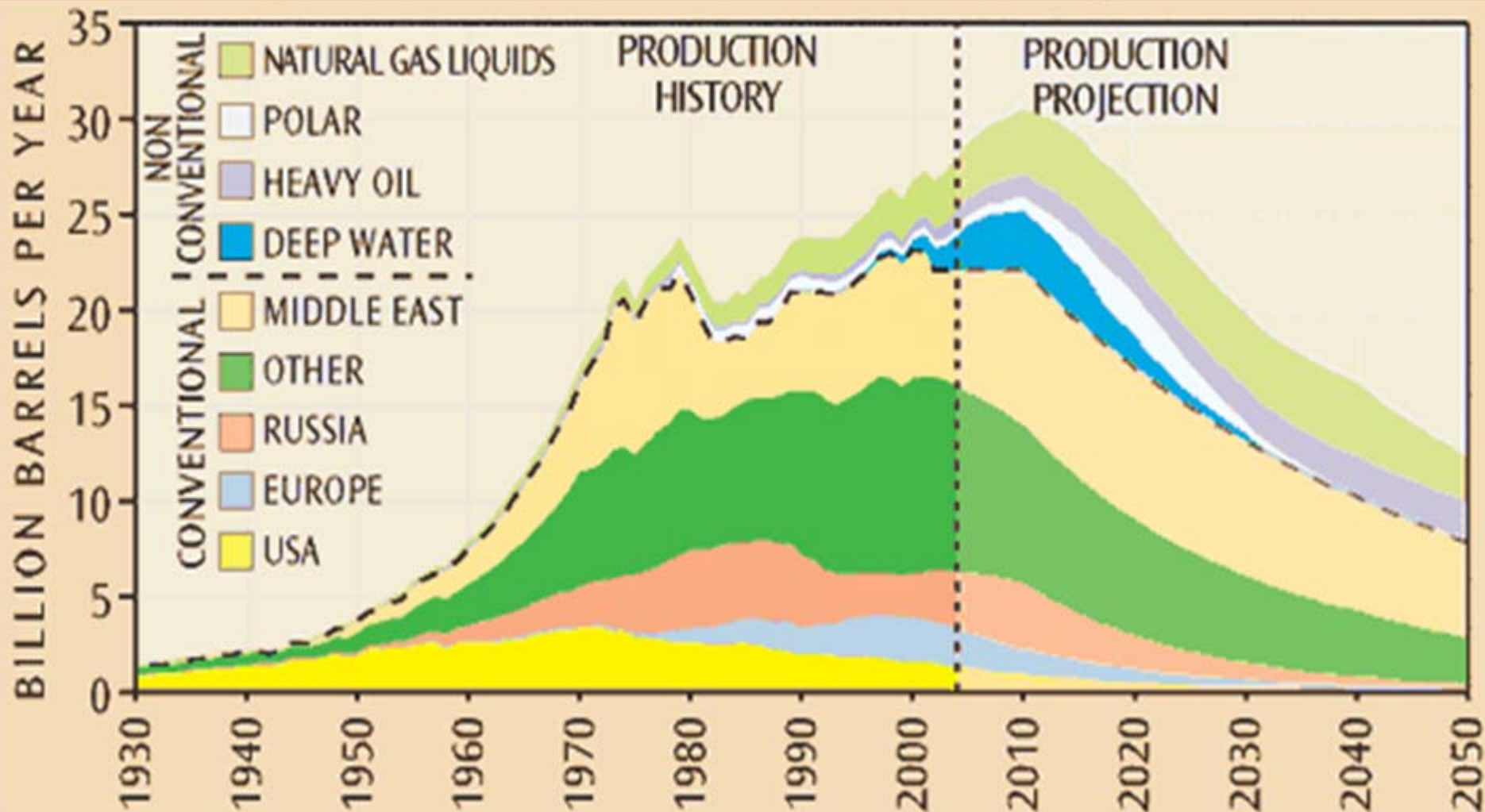- Need 5-6 worlds at current production if everyone consumed at US rates!

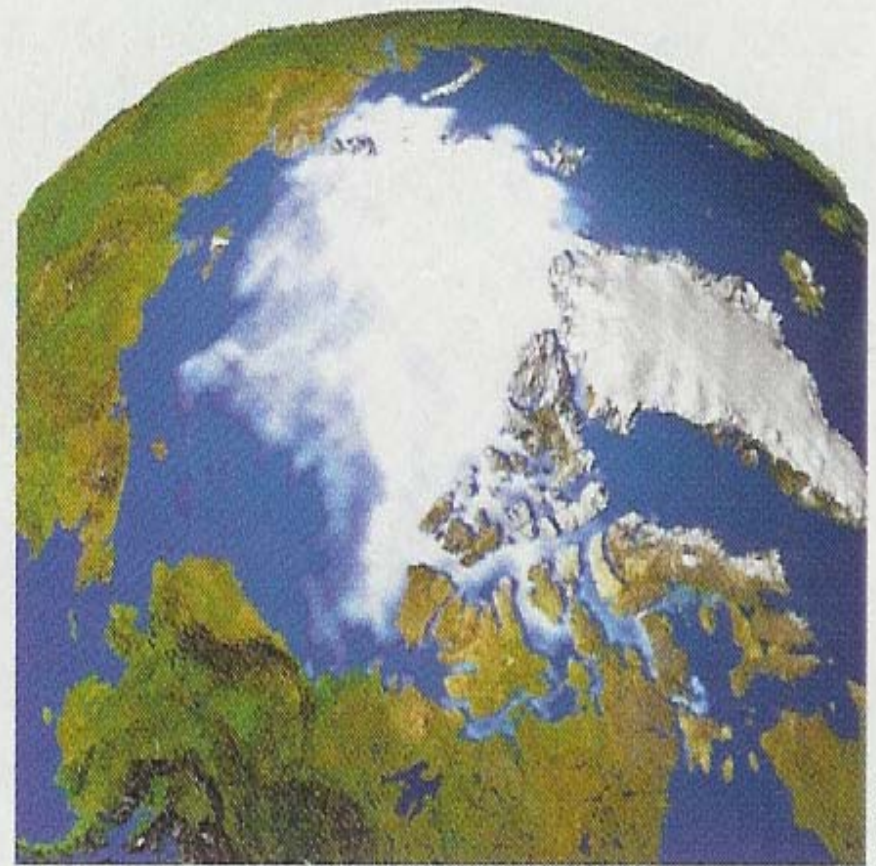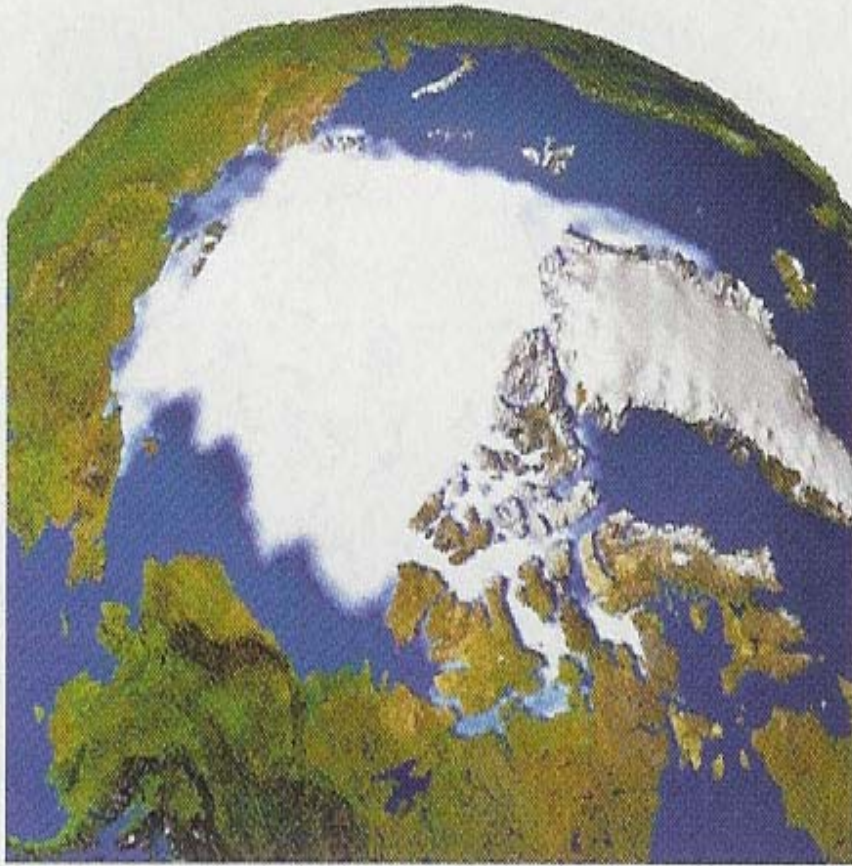Source: Worldwatch Institute, 2003, 2004; US Geological Survey, 1998

Nearing Peak in World Oil Production

WORLD LIQUID OIL AND GAS DEPLETION PROJECTIONS - 2004

Source: Association for the Study of Peak Oil <www.asponews.org>
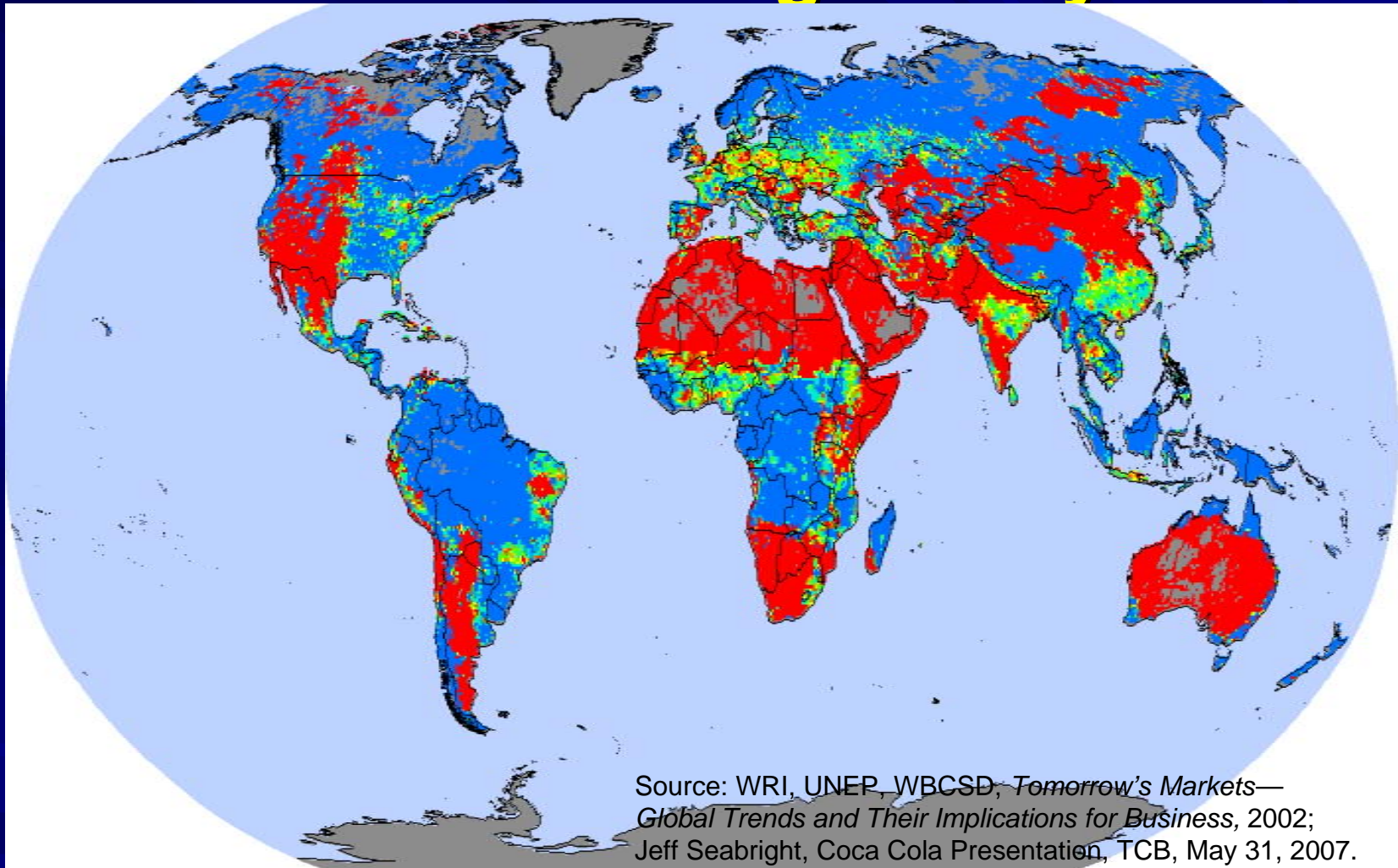
Climate Change Visible

SHRINKING CAP: satellite views of the Arctic icecap, in 1970 (left) and 2003

40% of the World Will Live in Water-Scarce Regions by 2025

Source: WRI, UNEP, WBCSD, *Tomorrow's Markets—Global Trends and Their Implications for Business,* 2002; Jeff Seabright, Coca Cola Presentation, TCB, May 31, 2007.

<0.5	0.5-1.0	1.0-1.7	1.7-4.0	4.0-10	>10		
Extreme Scarcity	Scarcity	Stress	Adequate	Abundant	Surplus	Ocean/ Inland Water	No Data

1000 m³/person/year
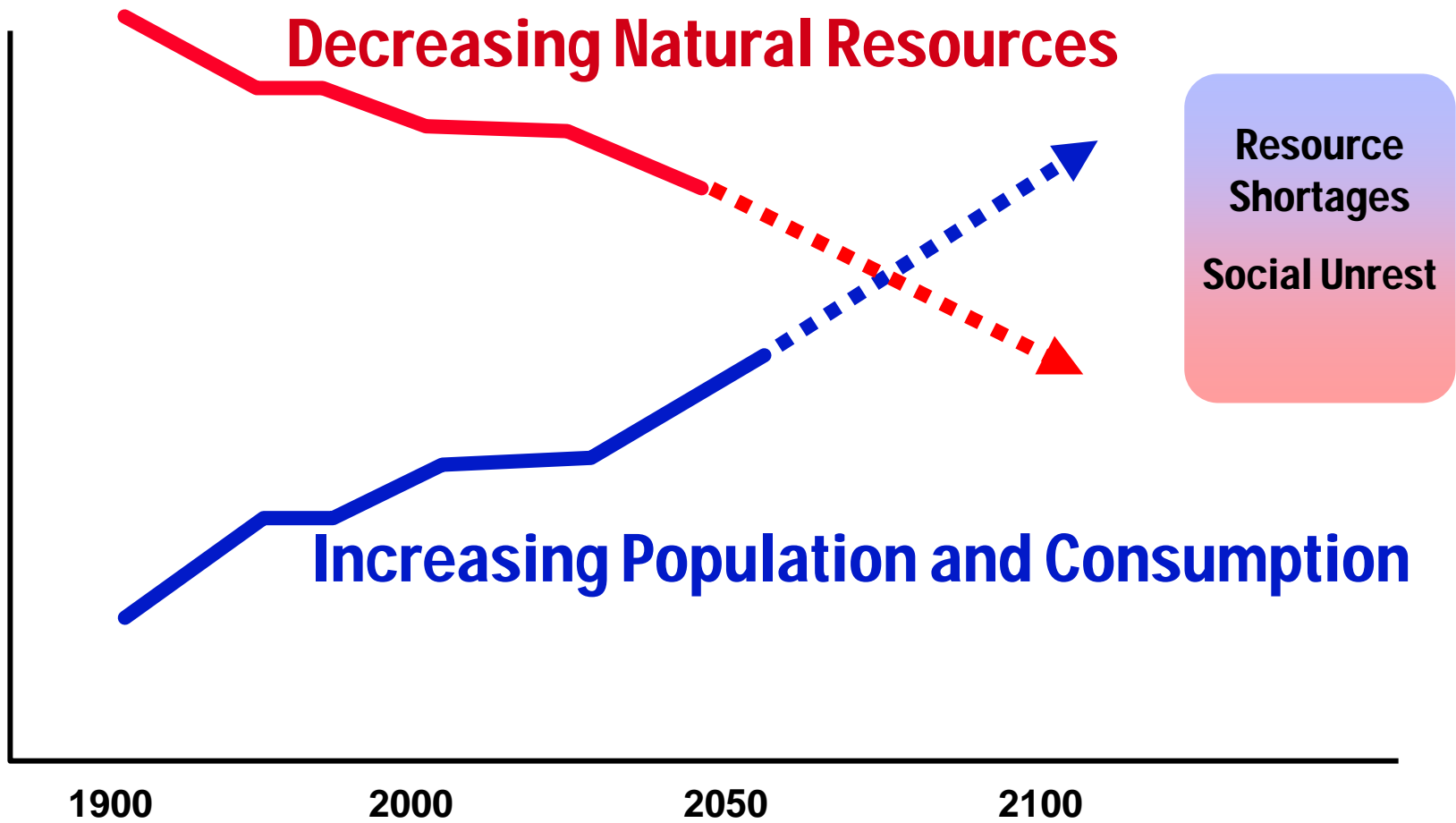
The "Big Squeeze"

Issues Addressed by the 2015 UN Millennium Development Goals

1. Extreme poverty and hunger
2. Universal primary education
3. Gender equality
4. Child mortality
5. Maternal mortality and health
6. HIV/AIDS, malaria and other diseases
7. Environmental sustainability
8. Global partnerships to help developing nations

How do these sustainability trends affect organizations??

Sustainability Trends Drive Response of Organizations

Trend

Response

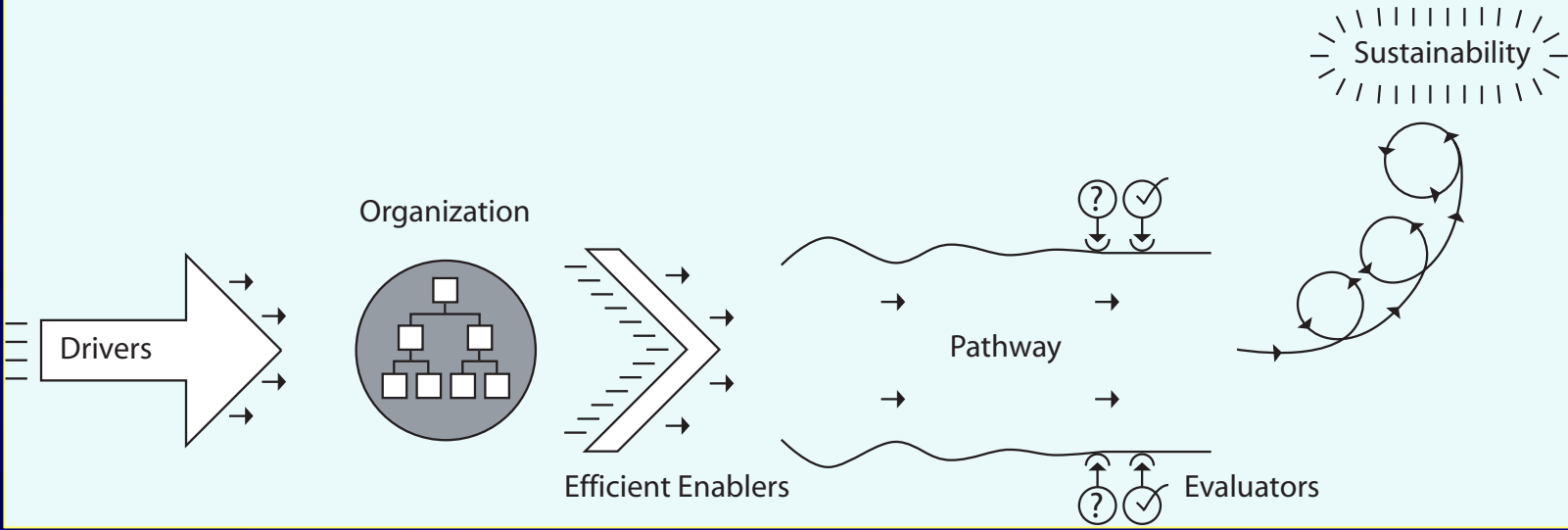|	
▪ **Climate Change** ▪ **Fossil Fuel Depletion**	▪ **Energy Conservation** ▪ **Carbon Footprinting**
Over Consumption of Resources	▪ **Recycling** ▪ **Recycled Content** ▪ **Dematerialization**
Changing Population Profile	**Diversity Programs**

How are organizations driving toward sustainability?

Figure 4.1 Sustainability Operating System (S.O.S.)

Sustainability

Organization

Drivers

Efficient Enablers

Pathway

Evaluators

The Drivers	The Efficient Enablers	The Pathway	The Evaluators
A champion/leader	Organizational structure	Vision and policy	Indicators and goals
Approach for selling the organization on sustainability	Deployment and integration	Operating system standards	Measuring and reporting progress
Accountability mechanisms		Strategic planning for aligned priorities	Stakeholder engagement and feedback

Continual Improvement Cycle

(Sustainable quantum leap in performance)

Collect Data to Measure Performance

Implement

Plan

Identify Strengths and Gaps

Plan Priorities for Addressing Gaps

Report Data

Solicit Stakeholder Feedback
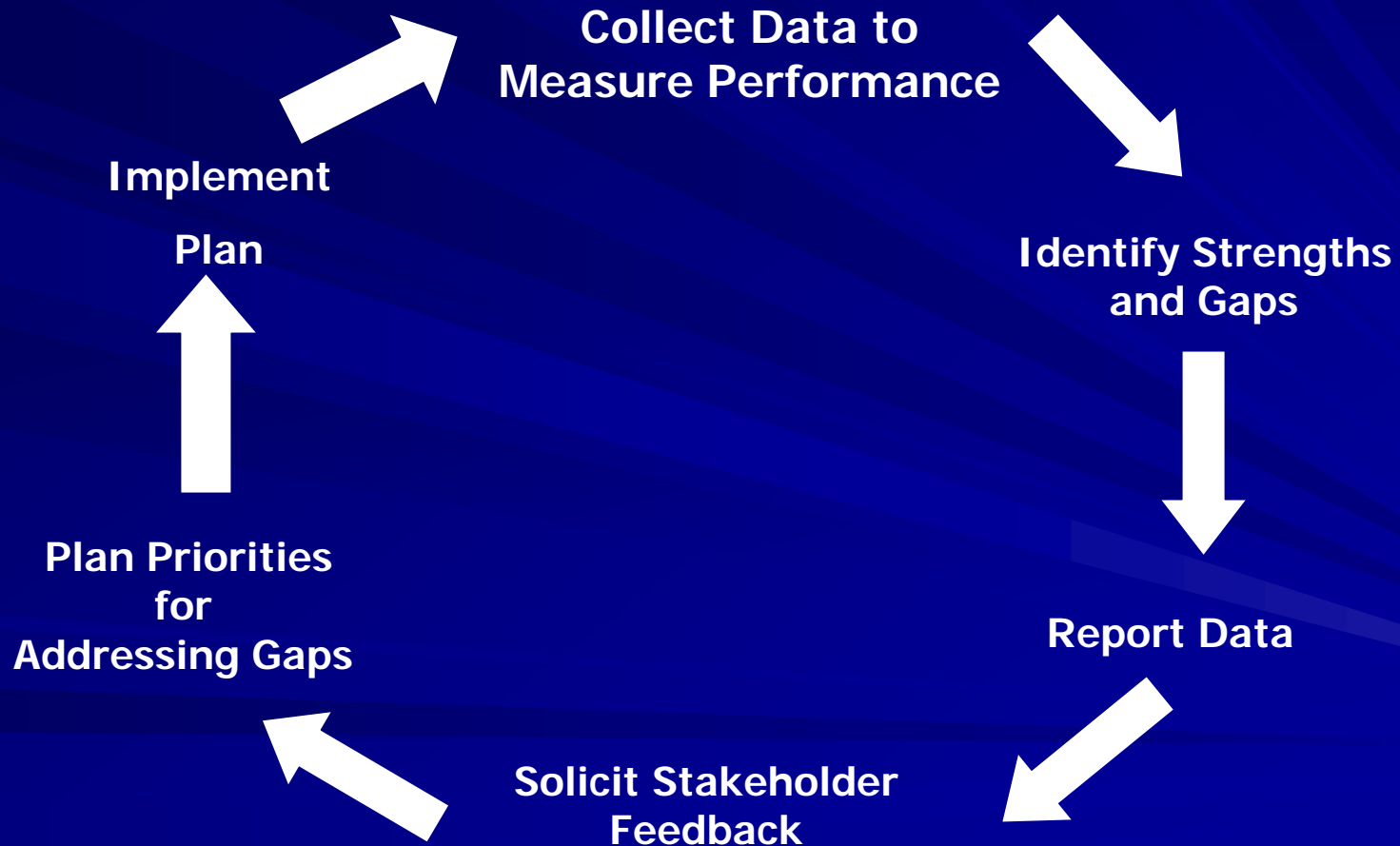
Organizational Structure for Sustainability

- Designated leader with top management support
  - HP, Dow, Starbucks, P&G
  - City of Tucson
  - Ball State, Brown, U of NC (Chapel Hill), Michigan State, U of Illinois

- Multidisciplinary teams
  - British Telecom, DuPont, Baxter, Dow
  - Leeds, UK; Johannesburg, SA
  - U of NC (Chapel Hill), Unity College (ME)

Organizational Structure for Sustainability

- Policy
  - Global Compact
  - Model policy from book
  - ABA *Model Sustainability Policy for Law Organizations* (w/ guidelines) (good for small orgs.)
  - Santa Monica, CA; ICLEI *Model Communities Programme* (from 1992 Earth Summit Agenda 21)
  - *Talloires Declaration, COPERNICUS Charter*, IISD website (for universities)

- Strategic planning
  - HP, Baxter
  - Am Planning Assn *Policy Guide on Planning for Sustainability* (for communities)
  - U of Florida, Ball State U., Unity College, U of Michigan

Approach to Sustainability at Universities

- Administration (planning and leadership)

- Campus operations

- Curriculum

- Research; policy development

- Student activities

- Community outreach

Organizations That Can Help Universities Pursue Sustainability

1. Global Higher Education for Sustainability Partnership (UNESCO, ULSF, IAU, and COPERNICUS)
2. US Partnership for the Decade of Education for Sustainable Development (NCSE and ULSF)
3. National Wildlife Federation's Campus Ecology® Group
4. US Environmental Protection Agency
5. International Institute for Sustainable Development
6. Tertiary Education Facilities Management Association
7. oikos International
8. Sierra Youth Coalition
9. Dutch CDHO
10. Baltic University Programme

11. TUH University Consortium
12. Alliance for Global Sustainability
13. UK Higher Education Partnership for Sustainability
14. Philippines PATLEPAM
15. Social Enterprise Knowledge Network
16. New Jersey Higher Education Partnership for Sustainability
17. Pennsylvania Consortium for Interdisciplinary Environmental Policy
18. Campus Consortium for Environmental Excellence(C2E2)
19. Associated Colleges of the South Environmental Initiative
20. South Carolina Sustainable Universities Initiative
21. Net Impact

Selected Best Practices: Public Reporting (GRI, etc.)

- **Transparency**
  - Shell
  - Timberland (labeling)
  - Ford (regarding GHGs)
  - Ben & Jerry's

- **Integrated sustainability-financial reports**
  - Novartis
  - BC Hydro

Selected Best Practices: Public Reporting (GRI, etc.)

- **Simple reports**
  - Starbucks
  - Polaroid

- **Universities**
  - U of NC (Chapel Hill)
  - Michigan State
  - Harvard (newsletter)

- **Local governments**
  - Seattle
  - Santa Monica
  - Pittsburgh

Selected Best Practices:
Green Purchasing Programs

- ICLEI Procura+ Campaign (local government)

- Japan, UK

- Rutgers U

- USEPA Green Supplier Network

Selected Best Practices:

Green Buildings
- Portland, OR
- Chicago

Pollution Prevention
- Dow Chemical
- 3M
- Baxter

Selected Best Practices:

■ Water Management
  – BC Hydro
  – Coca-Cola

■ Energy Conservation for Operations
  – Johnson & Johnson
  – Johnson Controls
  – U of Michigan

Selected Best Practices: Diversity

- McDonald's, Denny's, PepsiCo

- SBC Communications

- Wyndham International (hotels)

- Santa Monica, CA (city, NGO, business leadership diversity as measured objective)

- U of Florida (goals)

- U of Miami, U of Central Florida (special office)

- Emory U (special commission)

Selected Best Practices:
University-Government-Business Partnerships at Ithaca College, NY

- Ithaca College-Tompkins County-Ithaca Ecovillage partnership
  - Student service-learning courses

- Multi-sector conference
  - Faculty, students, admin staff, government, business, NGOs
  - Regional projects (land use rules, transportation, alternative fuels, education & outreach)

The future is not some place we are going to, but one we are creating. The paths are not to be found, but made, and the activity of making them changes both the maker and the destination.

- Prof. John Schaar

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Book: *The Sustainability Handbook—*
The Complete Management Guide
to Social, Economic and
Environmental Responsibility
(See Web site)