



canadian business sustainability priorities 2011



Network for
Business Sustainability

Business. Thinking. Ahead.

Inspiring new
research and innovating
new solutions

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Sustainability is a business imperative that will define the 21st century.

Organizations that successfully balance their own private interests with the needs of society will consistently attract and keep the best people; generate cheaper and more stable capital; and create innovative and enduring products. Corporations that fail to accommodate public interests through their private actions expose themselves to significant risks: they will lose customer markets; experience limited access to financial capital; and suffer disruptions to their supply of goods and services.

I am delighted to provide to you our fourth annual priorities report. This year, we've shifted the question we ask of our Leadership Council. Instead of asking what questions they want researched, we asked them: what are key sustainability questions that are on the minds of Canadian business? Looking forward, this report will help business, society, and researchers put their finger on the pulse of leading Canadian businesses. In doing so, we hope to raise the bar on both business practice and research, and thus motivate more sustainable business practices.



Tima Bansal, PhD
Executive Director, Network for Business Sustainability
Professor, Richard Ivey School of Business

introduction

The businesses that will thrive in the coming decades are those that are resilient. They will create value for stakeholders while taking a long-term view of their actions and impacts. Many businesses have already recognized the need to move towards sustainable business models and have identified strategies, set goals, and committed resources to make it happen. However, the journey towards sustainable business models is rife with obstacles, and businesses from diverse sectors are encountering common challenges as they break new ground.

This report presents the key sustainability priorities of Canadian businesses in 2011. These priorities were established by a council of executives and managers from [Canadian organizations](#) recognized for their leadership in sustainability. Representing major sectors of the economy, these leaders gathered for a one-day roundtable facilitated by Dr. Tima Bansal, Executive Director of the Network for Business Sustainability. Although the companies participating in the discussion operate in Canada, most also operate internationally. So, the priorities are also a reflection of the global landscape.

“The Network’s Leadership Council meeting is a unique opportunity to interact with leaders from different sectors but with similar portfolios. It’s heartening to realize we all face similar challenges in trying to improve the natural, social and economic environments in which we work.”

CHRIS MCDONELL
Manager, Environmental and Aboriginal Relations
Tembec

A Call for New Management Thinking

This report is a call to action for both business leaders and management researchers. We hope it inspires business leaders to rethink their business models and encourages researchers to investigate the management issues that matter most. Last but not least, we hope this report inspires industry and funding agencies to support leaders' efforts to establish resilient, responsible organizations. By galvanizing the research and business communities around priority issues, we can innovate new solutions to business and societal problems.

Rigorous Research for Informed Decision-Making

Every year, the Network for Business Sustainability funds systematic reviews on two of the priorities identified by the Leadership

Council. Each project systematically reviews and synthesizes the rigorous information from academic and practitioner sources on a given topic, with an emphasis on completeness, replicability and transparency. It provides a solid foundation of knowledge upon which managers and researchers can build. The priorities studied annually via systematic reviews form the foundation of our other Network activity.

The systematic reviews completed in past years can be found at nbs.net. The two priorities we chose to systematically review this year are described on pages 7 and 8.

If you are interested in undertaking or supporting research relating to one of these priorities, contact us.

info@nbs.net

“Because NBS research is objective and rigorous, you can have faith in its credibility. That’s important when you’re making business decisions that involve capital and operational dollars.”

ANDREW WILCZYNSKI
Manager, Corporate Social Responsibility
TELUS

canadian business sustainability priorities

Ten questions define our priorities in 2011.

1

What are the key environmental, social and governance metrics for business sustainability?

2

Which outcome-based government policies are most effective for addressing sustainability issues?

SYSTEMATIC REVIEW TOPIC

3

How do individuals make decisions regarding social and environmental issues?

SYSTEMATIC REVIEW TOPIC

4

How can businesses attract, retain, and incent employees to drive sustainability?

5

How do we incorporate key sustainability parameters into a financial business case?

6

How do we determine the materiality of sustainability risks and opportunities?

7

What organizational attributes influence the credibility of sustainability claims?

8

What is the aboriginal perspective on business sustainability, and what are the best approaches to constructive engagement?

9

What are the best practices for sustainable sourcing?

10

How can firms navigate the risks and opportunities of sustainability leadership?

1 PRIORITIES

What are the key environmental, social and governance metrics for business sustainability?

We know that what gets measured gets managed. Sustainability initiatives can be difficult to measure because they often affect people and society. Their impacts are not immediately obvious and they depend on who implements them and how. Many suites of metrics and measurement systems – such as the Global Reporting Initiative, ecological footprint, and life-cycle assessment – currently exist to help managers measure their sustainability initiatives. What makes one metric or suite of metrics better than another, and how can businesses judge which is most appropriate for their needs?

Business wants guidance on the best metrics to help them benchmark, signal their commitment to sustainability, and identify areas that need improvement.

“It’s important to know which sustainability metrics are most meaningful and integrate them with traditional business metrics.”

ANDREW WILCZYNSKI
Manager, Corporate Social
Responsibility
TELUS

Which outcome-based government policies are most effective for addressing sustainability issues?

Governments have several tools at their disposal, such as taxes, regulations, and markets, to encourage businesses to steward environmental resources. Different policies have varying degrees of success in impacting the planet or society. Outcome-based government policies define success in terms of measurable benefits.

Leading businesses want to identify the best outcome-based government policies to raise the bar on sustainability. They also wish to know the best practices for collaborative consultation and policy development involving government, business, and other stakeholders.

“How can we build bridges between government and business that will allow for knowledge sharing and a solid foundation for future business sustainability-related policies?”

JOHN COYNE
Vice President, General Counsel
Unilever Canada Inc.

How do individuals make decisions regarding social and environmental issues?

Many decisions individuals make – from what food to buy to how much energy to use – involve sustainability-related tradeoffs. Locally grown vegetables, for example, might actually require more energy to grow in greenhouses than vegetables flown in from elsewhere. We constantly trade off different types of impacts (social, environmental, economic) at different levels (personal, communal, societal, etc.).

Understanding how consumers value sustainability among other product attributes in purchase decisions would help businesses develop products which meet their needs. It would also allow business to educate consumers on issues and product attributes of which they may be unaware or uninformed.

“Many people demand cleaner energy but refuse, for example, to allow windmills in their community. How can we help consumers make informed tradeoffs when it comes to sustainability?”

PETER MACCONNACHIE
Sr. Sustainability Issues Manager
Suncor Energy Inc.

4 PRIORITIES

How can businesses attract, retain, and incent employees to drive sustainability?

Survey research shows that employees would rather work for sustainable firms. And some would even forego higher earnings to do so. Firms need to leverage this in order to attract and retain the best employees. Also, firms need to invoke systems and structures to ensure that all their people practice sustainability. Sustainability managers need to know which employee incentive plans are most likely to result in the implementation of their firm's sustainability policy.

Through these mechanisms firms could leverage their sustainability initiatives and values to build the right capacity internally and to ensure the company continues to make progress towards sustainability goals.

“What does the cumulative experience of business tell us about how best to incorporate sustainability performance targets into employee incentives?”

ED WHITTINGHAM
Group Director, Consulting
The Pembina Institute

5 PRIORITIES

How do we incorporate key sustainability parameters into a financial business case?

Current financial decision-making does not fully capture the value of sustainability-related investments. These investments are often based on long-term and intangible rewards, whereas most investments are made based on the short-term impact on the bottom line. Sustainability executives often resort to intangibles such as brand and reputation to justify corporate environmental and social investments.

Sustainability managers want to know exactly how sustainability investments reveal themselves in financial metrics. What are the short-term and long-term ways of assessing and justifying their business case? How can sustainability executives demonstrate the value of sustainability within the decision-making language and framework of finance executives?

“We need to unpack the intangibles. We need to be able to value brand, reputation and the externalities arising from our business activities.”

JOHN COYNE
Vice President, General Counsel
Unilever Canada Inc.

6 PRIORITIES

How do we determine the materiality of sustainability risks and opportunities?

Materiality is an important issue given the increasingly complex landscape of responsibilities, opportunities and threats. Businesses need guidance on how to evaluate the materiality of an issue, as well as how to act on it.

Equipped with an understanding of which risks and opportunities are most material to their organization, managers can then prioritize material issues, translate them into internal strategies, and communicate them to stakeholders.

“There are myriad opportunities and risks we could tackle as an organization. We need to understand where to focus our attention to advance our practices now and in the future.”

CARMEN TURNER
Leader, Sustainability and
Community Engagement
Teck Resources Limited

7 PRIORITIES

What organizational attributes influence the credibility of sustainability claims?

Claims made by some businesses and NGO's regarding sustainability are perceived as credible, whereas others are viewed with skepticism or even disbelief. The different reactions are likely related to attributes of the organization making the claims – its size, its structure, its actions, or its motivations. What attributes make some businesses and NGO's more credible than others?

By understanding the attributes leading to perceived credibility, businesses would have a better sense of how they can convey their own credibility and identify NGO's with whom to partner.

“Polls show people consider academics and NGO's more credible than corporations and government. What sincere action can organizations undertake to foster public credibility?”

LUC ROBITAILLE
Corporate Director, Environment
Holcim

8 PRIORITIES

What is the aboriginal perspective on business sustainability, and what are the best approaches to constructive engagement?

Many businesses have experienced very positive interactions with aboriginal groups, resulting in benefits to both parties. Other businesses – sometimes operating in the same regions – have had negative interactions.

By building a more robust understanding of the aboriginal perspective of sustainability, the relationship between the business and the aboriginal community can be built on mutual respect and trust, which is more likely to lead to positive engagement. Furthermore, this understanding of the aboriginal perspective of sustainability may inform the business community of new approaches to sustainability and stakeholder engagement, both within the aboriginal communities and outside of them.

“Organizations need to understand the aboriginal perspective on sustainable development – which extends the traditional view of sustainability in resource development beyond the environmental, social and economic pillars to include cultural and spiritual dimensions.”

KAREN CLARKE-WHISTLER
Chief Environment Officer
TD Bank Group

9 PRIORITIES

What are the best practices for sustainable sourcing?

Businesses want to purchase products and services that are environmentally and socially responsible. But the process of identifying sustainable suppliers and means for comparing products is not always obvious.

Identifying a set of best practices for sustainable sourcing would provide organizations with targets for benchmarking as well as guidance on managing their supply chains. It would also yield an opportunity for leading businesses to showcase their good practices.

“Sustainable sourcing is key for us. How can we get people to understand what it means for our business? Are there lessons from what we’ve done that can help other industries?”

JOHN COYNE
Vice President, General Counsel
Unilever Canada Inc.

10 PRIORITIES

How can firms navigate the risks and opportunities of sustainability leadership?

Leadership in any field – sustainability included – carries with it some clear rewards. For instance, leading organizations can attract new customers, and foster loyalty with employees and community stakeholders. But there are also risks associated with being on the cutting edge. For example, sustainability leaders may overinvest in technologies that never yield the expected rewards, be overtaken by a second-mover who builds on the ideas to leapfrog into the lead, or lose the support of senior management or employees.

The ability of companies to benefit from the potential upside and deflect risks will be key to ensuring there are always businesses willing to raise the bar.

“Being a leader means sticking your head above the parapet: it exposes you to criticism internally and externally, but the potential rewards are great. Executives introducing new sustainability targets have to do their homework.”

KAREN CLARKE-WHISTLER
Chief Environment Officer
TD Bank Group

about the network

The Network for Business Sustainability unites thousands of researchers and professionals worldwide who believe in research-based practice and practice-based research. We produce authoritative resources on important sustainability issues – with the goal of developing new, more sustainable business models.

We build community, exchange knowledge, and spur innovation in pursuit of this goal.

The Network is funded by the Social Sciences and Humanities Research Council of Canada, the Richard Ivey School of Business (at The University of Western Ontario), the Université du Québec à Montréal, and our Leadership Council.

NBS Knowledge Centre

For additional resources visit the Network's Knowledge Centre at nbs.net/knowledge.

The Network office is located at:



Network for Business Sustainability
c/o Richard Ivey School of Business
The University of Western Ontario
1151 Richmond St.
London, Ontario, Canada N6A 3K7

519-661-2111 x88980

The bureau francophone is located at:



Réseau entreprise et développement durable
Département stratégie, responsabilité sociale et environnementale
École des Sciences de la gestion
Université du Québec à Montréal
315, rue Ste-Catherine Est,
Montréal, Québec, Canada H2X 3X2

NBS Leadership Council



The Network's Leadership Council is a group of Canadian sustainability leaders from diverse sectors. At an annual meeting, these leaders identify their top priorities in business sustainability – the issues on which their organizations need authoritative answers and reliable insights. Their sustainability priorities prompt each of the Network's research projects.