

Sustainability Strategy: *Simplified*



LONDON · NEW YORK · SAN FRANCISCO · SANTIAGO · SINGAPORE

IF YOU ARE WONDERING...

How can sustainability create value for my company?

How do I engage senior colleagues in the business?

How do I ensure my strategy aligns with business objectives?

How can materiality help with developing a strategy?

How do I decide what targets to set?

What's the difference between targets and KPIs?

How do I ensure that my strategy is implemented effectively?

...THEN READ ON

Contents

Foreword	1
Executive summary	2
Introduction	3
Why do you need a sustainability strategy?	3
Developing a sustainability strategy	4
Vision, Mission, Values	4
Identifying the issues that matter	5
Prioritising effectively	7
Targets and KPIs	9
Engaging senior colleagues	11
How to ensure buy-in	11
Implementation	13
Resilience for the future	14
References and further reading	15

Foreword



Modern business is facing big demands from all sorts of groups today – particularly if you work in a sustainability function. From business colleagues, there might be demands to justify budgets, improve performance and do more for less. In relations

with the outside world, we are seeing more canny consumers, activist campaigners, challenging regulators and demanding shareholders.

During recent years I've visited a range of companies, large and small, from Malaysia to Singapore, Denmark to Delhi, US to Chile to talk about their responsibility and sustainability activities. The challenges vary hugely. But what has struck me most is that although the words are different, practitioners in these organisations are grappling with a similar question. They are asking: from all the different things that my organisation could do, where should we focus our attention?

This paper seeks to provide some answers to that very pertinent question. A strategy is a framework for prioritisation. As the paper makes clear, there are countless benefits from a good sustainability strategy. If nothing else, it makes the jobs of practitioners easier because an effective strategy provides a clear plan of action. Clarity makes sustainability more effective, easier and engaging when it comes to business integration.

The research is designed for practitioners working in corporate responsibility and sustainability roles within companies, including those for whom it is not a full-time role or who have recently been given responsibility for the issues. It has been written for those thinking of creating, reviewing or refreshing their sustainability strategies.

We don't pretend to have all the answers. Each situation is unique. But on the basis of working with companies around the world on these issues over the last 18 years, Corporate Citizenship has pulled together some common threads.

I very much hope that these insights can help you on your journey to make sustainability more enjoyable, impactful and profitable for your organisation. Ultimately, we think this is all about optimising business to be more successful in the long-term. That means financial sustainability, but also understanding a purpose beyond profit. If we in any way can be of help in that process, please get in touch.

Karin Laljani

Managing Director, Corporate Citizenship

Executive summary

A sustainability or corporate responsibility strategy is a prioritised set of actions. It provides an agreed framework to focus investment and drive performance, as well as engage internal and external stakeholders.

The starting point for any strategy needs to be why the company is in business. A vision, mission and values provide the building blocks on which to reflect corporate culture and direction.

Next, a rigorous process of materiality is essential to identifying the issues that matter most to the company as well as its stakeholders. Good strategy involves not just prioritisation, but making a decision to really focus on certain issues. Although all the choices can seem complex, the best strategies converge on a few priorities.

The elements should be united into a framework with clear programmes, targets and key performance indicators (KPIs) for each aspect. Effective implementation involves providing guidance to employees following extensive consultation and putting in place systems of governance, external feedback and regular review.

Developing a sustainability strategy is an ideal opportunity to engage external stakeholders and colleagues across the business. Indeed, involving senior management is essential to success. The most effective way to do this is to involve senior colleagues on the issues that matter to the business, using language that resonates with commercial priorities.

Identifying measurable benefits - alongside long-term risks and opportunities - can ensure that the strategy is resilient, and creates real value for the company and society.

Good strategy involves not just prioritisation, but making a decision to really focus on certain issues

Introduction

Why do you need a sustainability strategy?

Every business needs to prioritise. For corporate responsibility and sustainability professionals, a strategy sets out the priorities. It provides an agreed framework for deploying resources, creating an impact and communicating results. When done effectively, the process of developing a strategy - as well as the resulting framework - can help to:

- ▶ **Build buy-in** amongst colleagues.
- ▶ **Guide resources** and investment into the areas that are most important.
- ▶ **Engage external stakeholders** in a meaningful dialogue.
- ▶ **Drive performance** by stretching the company to achieve goals.

Many companies find themselves in the situation where they have a broad range of programmes and priorities. Teams and budgets can feel stretched. Practitioners working in these companies often tell us that they feel like they are doing so much, but lack the tangible evidence to show for it. Communicating progress can be challenging. Reports often end up taking the form of lacklustre case studies:

Companies in this position lack a clear sustainability strategy. Without a real strategy, integrating the initiatives and aligning them with business priorities is hugely challenging. Furthermore, engagement with colleagues and external audiences will be made harder without clear differentiation from all the noise out there.

More and more companies are starting to address sustainability issues. One illustration of this is that more than 10,000 companies around the world produce a report on their non-financial impacts. Some of these organisations have a strategy, but for many these reports are an account of their activities. The difference between activities and a strategy is fundamental:

- ▶ **Activities** are a series of initiatives, often illustrated in reporting by case studies.
- ▶ **Strategy** is the agreed priorities that form part of a longer term plan, demonstrated in reporting by performance data.

Developing a sustainability strategy provides an opportunity to review progress to date and take a fresh look at the risks and opportunities facing the

TERMINOLOGY

Different companies use different words to describe their approaches to responsible business practices. We use the term "sustainability" in this paper to refer to the social, environmental, economic and ethical issues that make up an organisation's relationships with society. For some companies, a strategy might focus on a few aspects, such as relations with the community or environmental programmes. Others adopt a more holistic approach that links together multiple impact areas.

business. It provides the framework to review, adjust and focus activities into an authentic form that is unique to the company and can differentiate it from peers. Finally, it provides a clear framework for reporting and communications, allowing for a meaningful dialogue with stakeholders and a consistency of focus that makes reporting more robust.

Whether you are developing your first strategy, or refreshing an existing one, the task can seem daunting. There is now such a bewildering range of different standards, initiatives, processes and examples for companies to follow. Even the very concept of sustainability continues to evolve with companies being asked to address more and more issues.

Strategy needs to provide focus – not a shopping list of activities. A good strategy is unique to the company, recognising its specific strengths and culture. Standards can be an important reference point, but 'off the shelf' solutions never make for effective and authentic strategies.

This paper simplifies the process of developing a sustainability strategy. We provide clear steps that any company can take to develop or revise its strategy, and highlight some of the opportunities and potential risks along the way. We also touch on some key topics around getting business buy-in, setting targets and implementing a strategy.

Corporate Citizenship is a global management consultancy that specialises in sustainability and responsible business practices. In putting together these recommendations, we have drawn on our experience of working with hundreds of companies, large and small, from across the world over 18 years.

Developing a sustainability strategy



Vision, Mission, Values

The starting point for developing a sustainability strategy should be the reason why the company is in business. Many organisations have a vision, mission and set of values. Being clear on the purpose of a company is crucial to shaping an effective strategy. This ensures that rather than featuring

as a side show, bolted on to the organisation, the sustainability strategy can build on the organisation's reason for being, history and core assets. It means that rather than being a drain on resources, the strategy can create real value by contributing to business growth.

	Definition	Relevance to sustainability strategy
Vision	The desired end-goal; a picture of the future world that the organisation wants to create.	Inspirational and business-relevant language to tie the strategy back to what the company is trying to achieve.
Mission	How the organisation plans to deliver its vision – what it does, who it does it for, and sometimes how. Here are the missions of the world's three most valuable brands: ⁱ <ul style="list-style-type: none"> • Apple. Steve Jobs' mission statement in 1980 was: "To make a contribution to the world by making tools for the mind that advance humankind."ⁱⁱ • Google's mission is "to organize the world's information and make it universally accessible and useful."ⁱⁱⁱ • Coca-Cola's mission is to "To refresh the world... To inspire moments of optimism and happiness... To create value and make a difference". 	The mission of the company is a critical starting point for strategy as it explains what the business is setting out to do. Traditionally, for most companies, the purpose of the business was all about shareholder value. Whilst financial viability is still fundamental to success, many more companies are articulating a purpose beyond profit. A purpose answers the question: why does my company exist? It sets out the change that the business wants to achieve in the world – its passion and reason for being.
Values	The guiding principles by which the organisation lives and judges its behaviours.	Values should be reflected in the sustainability strategy. The strategy should provide some tangible means by which to bring the values to life.

The vision, mission and values should prompt some thinking about the direction that the organisation is heading towards and the type of world that it wants to create. The question should be asked: what role can responsible business practices play in speeding up our achievement of the vision and mission? This can shed light on the exact areas that can be strategically most important to the business.

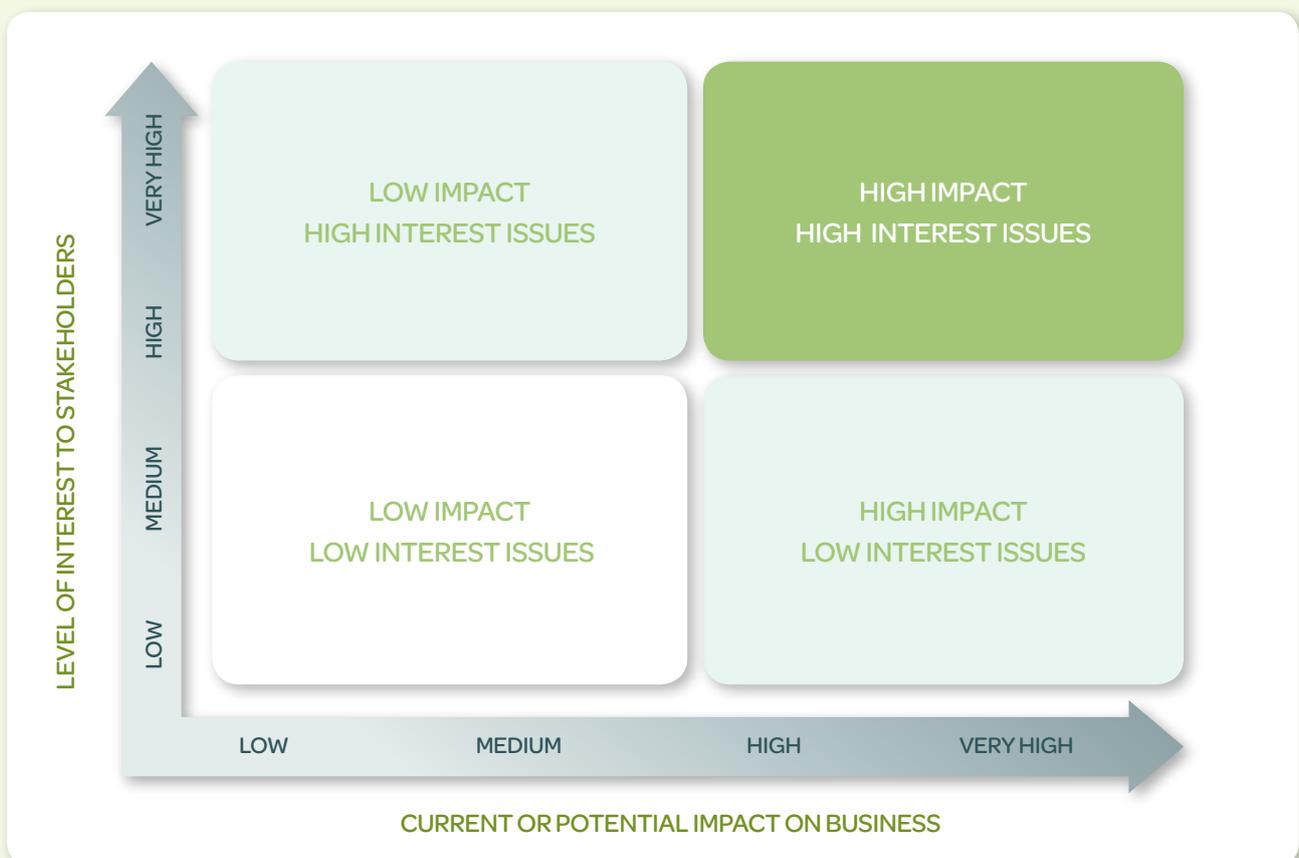
Strategy needs to flow from the corporate aims. A genuine link to the company's overall objectives provides a foundation on which to build the aspirations, reflect the culture and focus on the right priorities.

Identifying the issues that matter

Should your company tackle biodiversity or hunger? Is protecting the marine environment part of your responsibilities, or protecting the rights of farmers in the supply chain?

Materiality means identifying and understanding what issues are significant to the business, and its stakeholders, and prioritising them for action. No business can address

all of the issues that all stakeholders are interested in. A rigorous process of identifying issues for inclusion in the strategy is therefore an essential starting point. Materiality provides the rationale for why some topics are tackled, and other issues left to other organisations that may be better placed to deal with them. A standard materiality matrix is illustrated to show how the issues are typically mapped.



Many companies make the mistake of thinking that materiality is only about reporting. The Global Reporting Initiative (GRI) G4 guidelines (see box) have shone a spotlight on the process of materiality. It is most

commonly used by companies as a framework for their sustainability reports. However, the true value of materiality is at the strategic stage: it can usefully inform the priorities for the business.

The true value of materiality is... it can usefully inform the priorities for the business

WHAT IS GRI G4?

The Global Reporting Initiative (GRI) is an international not-for-profit organisation that aims to help businesses, and other organisations, understand and communicate the impact of business on critical sustainability issues. It seeks to achieve this aim through the provision of its Sustainability Reporting Guidelines. The Guidelines are voluntary and provide a framework based on principles, metrics and methods for measuring sustainability-related impacts and performance. They are designed to be applicable to organisations of all types and sectors, although some sector-specific guidance is also available.

The GRI's latest guidelines are its G4 Guidelines, which come into effect for reports produced after 31st December 2015. These mark a significant shift from the previous G3 Guidelines. The biggest change is that G4 places the concept of materiality at the heart of sustainability reporting. This challenges companies to think hard about the links between their sustainability impacts and their business strategy and operations. G4 presents a suggested process for determining materiality, which involves engaging with key stakeholder groups. The desired end result is a more strategic sustainability report for companies and a focus in the strategy on the issues that matter.

THE VALUE OF STAKEHOLDER INPUT

Stakeholders are defined as those individuals and organisations that the company may have an impact on, or that could have an impact on the company. Examples of external stakeholder groups include shareholders, customers, regulators, suppliers, business partners, non-profits and the media. Internal stakeholders are the employees and management.

Stakeholder input is essential to formulating a successful strategy for three reasons.

Firstly, responding to stakeholder concerns can make for a better business. Listening to the issues that shareholders, customers and employees think are important can help the company to meet the needs of its significant groups more effectively.

Secondly, stakeholders provide an early warning signal. The issue of how much tax multinationals pay was raised by some campaigners a number of years ago. It fell on deaf ears. Now, many large companies have been forced to respond and develop new policies in response to pressure from regulators, investors and non-profits. By listening to

stakeholder concerns about new and fast-rising issues, companies can minimize risks, stay ahead of competitors and adapt to changing expectations more quickly.

Finally, stakeholders can provide a degree of challenge that rarely comes from within an organisation. For example, should a professional services firm focus on carbon and community because that's the way it's always been done, or on ethical dilemmas in its relations with clients? Sometimes the most important issues are not the ones that the company would identify on its own. Critical friends can provide innovative insights and friendly challenge that might not otherwise be gleaned from internal consultations.

Although there is no substitute for direct engagement with stakeholders, expert advisors can play a proxy role in raising issues that stakeholders might be concerned with.

Of course, stakeholder priorities need to be weighed alongside priorities for the business. This is the essence of materiality, and the reason why balancing business and stakeholder inputs effectively is crucial.

Prioritising effectively

Simply identifying the most important issues is not enough for a strategy. Good strategy involves deciding which issues to really focus on, and uniting the elements into a framework for setting targets. We like to think of this focus as like a mountain top, where all the programmes converge on a peak.

Although the choices and decisions can seem complex, the best strategies cut a very clear path. One of the common mistakes we see in poor strategy development is indecisiveness. Some companies think that the sustainability strategy should be the sum total of all the activities that the business is doing. They try to shoehorn every issue into the strategy. They worry that if a particular topic doesn't make it, then critics will accuse the company of failing to address it. This apprehension is misplaced. Strategy is not the same as reporting. Sustainability reporting can include strategic priorities as well as additional policies, statements, activities and data.

So it is simply not enough to aggregate up existing activities and brand them a strategy. Good strategy requires a process of ruthless decision-making to continue with some activities, scale down or stop others, and start new ones. A good strategy needs to have a hierarchy and a focus. The focus needs to be on the right issues that are most material for the company. Having arrived at the right priorities, the company should be able to channel its investment into a small number of key areas. An effective framework should group together the different issues and explain how the company plans to address them. This not only helps with implementation and the targeting of resources, but also makes engagement and communication of the strategy much more effective

A good strategy needs to have a hierarchy and a focus

THE SUSTAINABILITY STRATEGY

AMBITION

- ▶ The small number of top priorities where the business wants to create a real impact over the long-term
- ▶ Bolder targets focus on the most material areas

PROGRAMMES

- ▶ The core activities that make up the sustainability strategy
- ▶ The issues can be independent or relate to one and other, perhaps rolling up to the Ambition

FOUNDATIONS

- ▶ Basic expectations - policies and other approaches that are not within the strategy, but may feature in reporting
- ▶ Legal compliance - activities that are involuntary and required by law

Targets and KPIs

WHAT'S THE DIFFERENCE BETWEEN A TARGET AND A KPI?

Target / Goal: What you are trying to achieve

Key Performance Indicator (KPI): Quantifiable measure used to monitor and evaluate performance towards a target/goal

Here are some examples of KPIs, illustrated by from the Unilever Sustainable Living Plan:

TARGET

KEY PERFORMANCE INDICATOR

Water - "Halve the water associated with the consumer use of our products by 2020"

Water per consumer use – litres of water added to the product/ingredients plus litres used by consumers in specific product categories in seven water-scarce countries.

Sourcing - "By 2020 we will source 100% of our agricultural raw materials sustainably: 10% by 2010; 30% by 2012; 50% by 2015; 100% by 2020".

Raw or packaging material sourced from verifiable sustainable renewable sources or made from recycled materials (% by weight). This is either by self-assessment by farmers or adherence to recognised, external sourcing standards.

Targets are the backbone of an effective sustainability strategy. Today, stakeholders expect companies to have targets as a sign of performance ambition.

Goals provide a focal point for those inside and outside of the business. They provide a clear set of objectives for management, and a yardstick by which external audiences can judge progress.

In general, the starting point should be to take each of the priorities identified in the strategic framework and consider what targets could be set for each. Some frameworks are designed for targets in the Programme to roll up towards the targets in the Ambition (see page 8).

KEY CHARACTERISTICS OF GOOD TARGETS:

Meaningful – targets should set out measurable improvements in performance (the change in a KPI) over a specified time period (e.g. we will reduce carbon emissions by x% over the next z years).

Material – targets should be clearly linked to the key strategic goals and impact areas of the business. Achieving targets should drive mainstream business performance.

Complete – targets should cover the most important social, environmental and economic impacts of the business.

Consistent – targets should remain relatively consistent over time, so internal and external stakeholders can assess how performance is changing year-on-year.

Ambitious – companies should set targets that move beyond business as usual. Not everyone wants to be a leader, but targets that are achieved early with little effort can indicate a lack of serious performance ambition.

Quantitative vs Qualitative Targets

Ideally, as many targets as possible should be quantifiable and time-bound. This is particularly expected of environmental targets. However, many companies find that quantification of all aspects of sustainability is simply not possible. Therefore, it is common practice for some targets to be phrased as promises to "roll out" initiatives, "explore" possibilities or "establish" a new way of working. The risk is that

such qualitative targets come across as weaker and hinder a company's ability to take action because they are imprecise. Wherever possible, it is more impactful to commit to numbers, such as a percentage of employees, factories or suppliers that will adhere to standards. Above all, companies need to avoid vague promises that are not possible to measure nor report progress against in a robust way.

Timescales

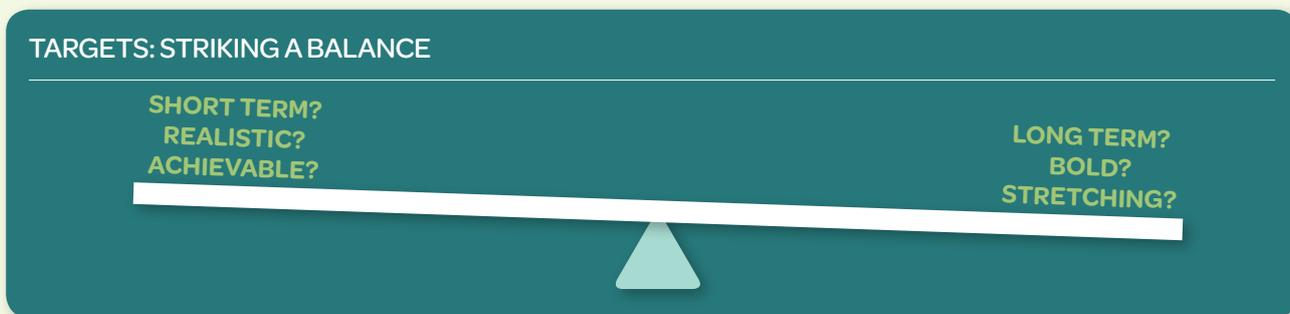
Many companies wonder whether to select annual goals, or longer term ones. Many companies are content with annual targets on a rolling basis. For example, Nestlé has a series of annual objectives, alongside a few to 2020. Other companies opt for longer term goals.

But setting a bold, end goal that is far in the future with no interim milestones can be seen as implausible. Conversely, only focusing on annual targets can fail to provide long-term direction and ambition.

A happy medium is to set some longer-term stretch goals that contain interim targets.

For example, Mars has an aim to “eliminate fossil fuel energy use and greenhouse gas emissions from ... operations by 2040” alongside many shorter-term goals.

The choice over timescale is also informed by the level of ambition that the organisation aspires towards. Many companies are keen to be leaders in their industry. Others are happy to be in the middle of the pack. However, no company wants to be the laggard, singled out as the worst performer amongst peers. Benchmarking is therefore an essential step to informing a conversation about levels of ambition and the right targets to set.



Ambition

Some companies wonder whether to set easily achievable goals, or ones that will stretch the business – even if there is a risk that the target might not be met.

Setting a target that is too easy to achieve often results in a target being met early. If this was achieved without much effort or change from business as usual, stakeholders may view the company as lacking in serious ambition. Success without effort is a hollow victory.

Equally, there is such a thing as being too bold. It is important not to set targets without a clear idea of how the business might achieve them. That said, an element of aspirational stretch can be important to galvanise the company to adopt new approaches.

The best targets strike a balance. They stretch the organisation, but are underpinned by a rigorous assessment and understanding of how the goal can be delivered.

For the ambitious, there is sometimes a fear of what might happen if the company fails to reach the target. Provided that the company is sincere (demonstrating

that it genuinely attempted to meet the goal) and transparent (explaining clearly why it didn't, and what it plans to do next) stakeholders often give the organisation goodwill for having attempted something ambitious.

KEY CHARACTERISTICS OF GOOD KPIS:

Accessible – performance measures should be easily understood and interpreted by all stakeholders.

Relevant – measures should make sense for business managers. They should tie into existing data collection systems and reflect other business performance measures.

Responsive – KPIs should reflect the major concerns of key stakeholders that are considered to be relevant by the business.

Comparable – KPIs should reflect measures that are recognised and significant to the industry in which a company operates.

Engaging senior colleagues

Ensuring that colleagues from across the business engage with sustainability is one of the most common challenges that practitioners face. Some companies have a charismatic CEO who loves to talk about the issues. Other leaders have the emotional impetus to explore the social purpose of the business. Some senior managers are interested in creating real social impact. These actions set the tone from the top, and have the potential to leave a positive mark on society.

But for most organisations, building relationships internally and securing agreement from senior management is a time-consuming but essential process.

Developing a sustainability strategy is an ideal time to engage colleagues in the business. Indeed, it's essential, because:

- ▶ **Senior leaders** need to be bought in to sign off the goals and lead from the top;
- ▶ **Managers** may take responsibility for delivery of different goals, and senior managers may be required to coordinate different interests, such as between functional teams; and
- ▶ **Employees** may expect to see their interests reflected in the strategy, and will be essential to helping to meet the goals through their behaviours and actions.

Without business buy-in, a sustainability strategy cannot be truly effective. Activities risk being under-resourced and under-performing. A siloed approach to sustainability that doesn't involve different functions and business units often leads to programmes that fail to create much value for the company.

Alongside the CEO and senior management committees, sustainability strategies frequently need input from functions such as procurement, human resources, strategy and marketing. Engagement with different business units can also help to ensure that the strategy aligns with the direction of travel for all parts of the organisation.

How to ensure buy-in

Many people can be engaged on an emotional level. Alongside tools and techniques, it's important not to forget that, fundamentally, some people get out of bed in the morning for a reason beyond profit. Tapping into this sentiment can be one starting point.

In our experience, the most effective way to ensure buy-in from a range of colleagues is to engage on the issues that matter to the business, using language that resonates with commercial priorities. That normally means meeting customer needs more effectively, improving efficiencies, building the reputation as a trusted partner of key stakeholders and identifying and responding to emerging commercial opportunities and risks (see "Business Benefits from Sustainability").

Using the vision, mission and values as the starting point for the strategy can help with this alignment. Many companies have a clearly articulated corporate strategy, or an analysis of corporate risks. These documents can be helpful in matching up sustainability priorities and identifying any gaps.

Identifying clear business benefits and a value proposition for the company is a fundamental way of ensuring buy-in at senior levels. It can also ensure that the strategy is not a short-lived sideshow, but a fundamental driver of business value.

BUSINESS BENEFITS FROM SUSTAINABILITY

Effective sustainability strategies can deliver a number of benefits to the business, including:

Innovation for growth – products, services and new business models can provide an additional revenue stream through meeting environmental or social needs. Leadership in the market can future proof the business and build competitive advantage.

Risk and resilience – minimising vulnerabilities and anticipating upcoming issues, such as new regulations.

Reputation and brand – stronger relationships with customers and an enhanced license to operate through better relationships with regulators, non-profits and other stakeholders.

Cost savings – reducing energy, cutting waste and minimising inefficiencies and hazards.

Motivated employees – attracting, motivating and retaining the best talent.

There are a number of tools and techniques that can be used to involve senior management from across different functions:

Sustainability Assessment – for some businesses, the first stimulus to action is often external, such as a request from an investor or a customer. An assessment can uncover any gaps between what stakeholders are seeking and what the company can currently deliver.

Benchmarking – many senior executives are highly motivated by looking at what other companies are doing. Comparing current performance with peers and external standards can help to clarify levels of ambition, identify strengths and potential gaps.

Risk identification – many companies undertake a formal process of identifying risks, often as part of their financial reporting. Undertaking a review of the risk register can ensure that it addresses the most relevant social, environmental and economic trends. It can be used to initiate a high-level conversation on the issues.

Scenario planning - this involves developing future worlds that are stretching but plausible images of possible futures that the company might face. By extending the time-frame to identify longer term risks and opportunities, the overlaps between responsible business practices and commercial success can be teased out through facilitated workshops.

Impact measurement – understanding the company's current footprint in the community, on the environment, and its economic impacts can help begin a conversation on the potential for the business to change.

Mentoring – Linking up directors with those at other firms or external experts who have particular insights into sustainability can help to strengthen understanding and develop new insights into ways to approach the issues.

Performance measures – some leading companies have begun tying senior management remuneration to long-term sustainability measures. Setting clear executive objectives for sustainability can drive a step change in performance.

Many senior executives are highly motivated by looking at what others companies are doing

Implementation

A sustainability strategy is only as successful as its delivery. It is too easy to overlook the implementation stage when designing a strategy. But putting plans in place to deliver on the programmes and targets before the strategy is launched can help to maximise performance in the years ahead.

There are a number of different means by which a strategy can be rolled out in a business and processes set-up to ensure delivery against the priorities.

The following steps are intended to be a summary of just some of the considerations.

Inspiration and guidance for employees – colleagues need clear guidance on what sustainability means and what the new strategy means for them. But dry, formulaic communications can stifle engagement. Clearly and creatively communicated, a strong sustainability strategy can be a powerful tool to connect with employees at both a rational and emotional level. Employees need to understand how sustainability should influence and affect their day-to-day work. Extensive consultation that asks employees about their views is a useful precursor to effective implementation. What different behaviours should they be exhibiting? How can they contribute to helping the company reach its targets and what are the benefits to the individual, the company and society in doing so? At a more technical level, managers responsible for collecting data need to be given the guidance, tools and support to do so consistently, accurately and within agreed timescales.

Governance – a formal system of accountabilities should be put in place to oversee the strategy. This can ensure that performance is on track as well as provide some challenge to the strategy. Companies adopt a wide range of different models of governance in corporate responsibility and sustainability, including Committees of the Board and external advisory panels. In addition, it's crucial that day-to-day responsibilities for implementation are clear. For example, each target and programme should have a designated person responsible for delivery. This person should be accountable for performance.

Review – part of the role of effective governance and oversight is to review performance and make any changes that are needed – including periodically asking whether the strategy is addressing all of the right issues. External experts can also be invited to review the strategy and identify new opportunities. A process of continual evolution and updating the strategy might also be informed by stakeholder engagement.

External engagement and feedback – taking the strategy to external stakeholders can be a useful medium through which to gain feedback. Some companies think of launching a strategy as a one-way communication to tell people about the new commitments. However, the best forms of engagement take the form of a dialogue. This involves listening to feedback, taking on board suggestions and building trust through a meaningful exchange of views. This can build advocates for the company, and also create a more resilient approach by responding to stakeholder views.

Putting plans in place to deliver on the programmes... before the strategy is launched can help to maximise performance in the years ahead

Resilience for the future

Developing a sustainability strategy need not be a complex process. But it does require taking a wide-angled view of the company and the context in which it operates. Involving a range of different viewpoints – such as colleagues, external stakeholders and other experts - can ensure that the right priorities are identified and addressed in the most effective way.

The sustainability landscape is constantly changing. The expectations of what issues companies should address, and how they should go about tackling them, is evolving day by day. For example, in 2015, the Sustainable Development Goals set out a clear, global standard for the objectives that everyone – governments, businesses and civil society – can work towards achieving.^{iv}

Developing a strategy that is fit for the future involves considering how the issues might change over time. No business can predict all the issues that it will be expected to address over the next decade. But taking a longer-term look at trends should inform strategy development. This constantly changing environment is one reason why companies often review, refresh and update their strategies: expectations move on, and new opportunities emerge.^v

Amid all the external pressures and insights, businesses should not lose sight of the need to create business value. In the long-term, the right investments in sustainability should provide a return for the company. Calculating a return on investment is not always easy, but an effective sustainability strategy must be designed to support the organisation's long-term, commercial goals. If sustainability doesn't create business value, it risks being cut when times are tough. In the long-term, there is evidence that companies that manage their sustainability performance most effectively deliver superior financial returns^{vi} and have a lower cost of capital.^{vii}

So good strategy should align with the business – not be a burden. Sustainable business and commercial success need to support one and other. By harnessing the unique energy and capability of your organisation, the sustainability strategy can create value for society and the company.

SUSTAINABILITY STRATEGIES

Corporate Citizenship helps companies around the world to develop sustainability strategies through the following services:

-  Sustainability Assessment to identify current activities and potential gaps
-  Benchmarking against peers and competitors to identify areas of strength, weakness, opportunity and risk
-  Horizon Scanning to spot upcoming risks and opportunities on a 5 to 20 year timescale
-  Materiality Assessments to identify the issues that matter, including those following the new GRI G4 guidelines
-  Stakeholder Engagement to hold a meaningful dialogue and receive feedback through workshops and interviews
-  Purpose and Strategy to identify the company's unique role in society as well as its strategic framework
-  Targets and KPIs development to agree the end goals and how they will be measured
-  Implementation Support, such as writing guidance, advising on governance and providing the tools to deliver the strategy
-  Impact measurement to assess performance in social, environmental and economic areas
-  Reporting and Engagement to communicate and explain progress to stakeholders

Amid all the external pressures and insights, businesses should not lose sight of the need to create business value.

References and further reading

References

- i. According to the InterBrand's Best Global Brands 2014
- ii. Apple.com accessed June 2015: <http://www.apple.com/hotnews/apple-answers-fcc-questions/>
- iii. Google.com accessed June 2015: <http://www.google.com/about/company/>
- iv. For more information of the Sustainable Development Goals (SDGs), visit: <http://corporate-citizenship.com/sdgs-2015/>
- v. Creating Resilient Strategies, Corporate Citizenship, 2014
- vi. Robert G. Eccles, Ioannis Ioannou, and George Serafeim The Impact of Corporate Sustainability on Organizational Processes and Performance, Harvard Business Review, July 2013.
- vii. Ge, Wenxia and Liu, Mingzhi, Corporate Social Responsibility and the Cost of Corporate Bonds, Journal of Accounting and Public Policy, 2012

Further reading



Mastering Resilient Growth

Creating Resilient Strategies

Future Business: The Four
Mega-Trends Every Company
Needs to Prepare For

The Power of Benchmarking



Inclusive Business

Bringing the Board on Board

Steps to Sustainable Success

From My World to Our World:
What the SDGs Mean for
Business

About Corporate Citizenship

Corporate Citizenship is a global business consultancy specialising in sustainability and corporate responsibility. The team uses expert insight and a simplified approach to sustainability to deliver growth and long-term value for business and society.

With teams in London, New York, San Francisco, Santiago and Singapore we work with clients on both a local and global level, to achieve their commitments to responsible business behaviours and sustainable practices.

We advise on a number of areas including strategy, community, engagement, environment, supply chain,

socio-economic impacts, reporting and assurance – helping clients to make the smart choices that will enable them to survive and thrive in an increasingly challenging business environment.

For further information about the report and our services, please contact:

Emma Upton
Marketing and Business Development Executive
emma.upton@corporate-citizenship.com
www.corporate-citizenship.com
@CCitizenship

About the author

Richard Hardyment

Richard is an Associate Director and leads Corporate Citizenship's work on strategy, research and futures. He specialises in helping companies to identify long-term issues that impact on corporate sustainability. Before joining Corporate Citizenship, he was a Senior Strategic Advisor at Forum for the Future, the sustainability NGO, and he was previously a political and communications advisor in Westminster. He has an MA from the University of Cambridge and an MBA from Imperial College, London.



Website: www.corporate-citizenship.com
Twitter: @CCitizenship

London:

5th Floor, Holborn Gate
26 Southampton Buildings
London WC2A 1PQ
T: +44(0)20 7861 1616
E: mail@corporate-citizenship.com

New York:

241 Centre Street
4th Floor
New York, NY 10013
T: 1-212-226-3702
E: info@corporate-citizenship.com

San Francisco:

901 Mission Street
Suite 105
San Francisco, CA 94103
T: 1-415-416-9580
E: info@corporate-citizenship.com

Santiago:

Nueva Costanera
3698 Of. 203
Santiago, Chile
T: +56 (2) 2247 9008
E: mail@corporate-citizenship.com

Singapore:

3 Fusionopolis Place
03-54, Galaxis Work Lofts
Singapore 138523
T: +65 6822 2203
E: Singapore@corporate-citizenship.com

DISCLAIMER: Every possible effort has been made to ensure that the information contained in this publication is accurate at the time of going to press, and the publishers and author cannot accept responsibility for any errors or omissions, however caused, nor responsibility for loss or damage occasioned.

