

Doing Good: Business and the Sustainability Challenge

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Objective:

This report/survey investigates the impact of sustainability on business today.

Methods Used:

A wide-ranging global survey of senior executives from around the world was conducted in late 2007. A total of 1,254 executives were included in the survey, almost half of them from the C-suite and 26% of them CEOs. To supplement the survey results, in-depth interviews were conducted with 28 executives, including CEOs and sustainability chiefs as well as other leading experts from international organizations, consultancies, NGOs and academia.

Key Findings:

- While 53% of firms claim to have a coherent sustainability policy, only half of these extend the policy beyond internal operations. 29% of the companies say they have a policy that encompasses the whole business and its supply chain.
- Out of a list of 16 sustainability policies, encompassing issues ranging from energy consumption and carbon emissions to diversity and governance, companies surveyed had implemented an average of just 4.8 policies globally.
- 6% rate their companies as outstanding when it comes to implementing sustainability measures. 15% describe their implementation as poor.
- One-fifth of the respondents say their companies have performed poorly in setting stronger supplier standards on both environmental and human rights issues. About the same proportion have only implemented such standards in the last five years.
- 33% of the surveyed companies place responsibility for their sustainability performance directly with the CEO. 26% place this responsibility with the board. 11% of the companies admit that there is no one in charge to implement sustainability policies.
- 57% of the executives say that the benefits of pursuing sustainable practices outweigh the costs, although most of them expect any change in profits to be small.
- The survey revealed that companies who paid more attention to sustainability policies had higher share price growth than those who didn't. The companies who did well on the sustainability front saw annual profit increases of 16% and share price growth of 45% whereas those who didn't saw profit and share price growth of 7% and 12% respectively.
- 40% of the respondents believe that additional regulation is needed to tackle social and environmental challenges. Another 50% say that voluntary action is generally more effective, although they agree that some sort of regulation is needed.
- 62% of the respondents agree that uncertainty over government policy is making it difficult to plan strategies for corporate sustainability.

- When asked about the benefits companies expect for adopting sustainable policies, 37% said that they hoped to attract new customers, 34% wanted to improve shareholder value and
- 31% wanted to increase profitability.
- 22% of survey respondents issue formal reports on their environmental and social impact and performance along with their financial performance. 40% expect to publish such information in the next five years.

Conclusion:

Although some companies are doing well in the sustainability arena, business as a whole has a very long way to go in developing their sustainability base. Neither business, nor government, nor any other stakeholder can meet these challenges on its own. They all have to come together and find a combined solution that would set a foundation for future businesses to adopt sustainability measures into their systems. Companies must, at the very least, be part of this debate, for their own sake as well as for that of the society as a whole.

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