Growing into Your Sustainability Commitments: A *Roadmap for Impact and Value Creation*

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Agenda

- Background
- Key findings
- The Sustainability Commitment Growth Curve (SCGC)
  - Adoption
  - Implementation
  - Advancement
- Looking ahead
- Q & A
Motivation for Research

- Rapid growth in voluntary sustainability commitments and lack of frameworks to help companies navigate the space
  - Which ones to join?
  - How to create the business case and getting buy-in
  - How to manage for value creation
- Increasingly compelling business case for companies to engage with corporate sustainability related issues globally
- Opportunity to promote increased business commitment to United National Global Compact (UNGC) principles and business action to support broader UN goals
Approach

► Field test at Rio+20
  ► Interest from diverse companies and institutions

► Methodology
  ► Desk research
  ► In-depth interviews
  ► Leverage UN Implementation Survey
  ► Survey non UNGC signatories with support from Columbia University’s School of International and Public Affairs (SIPA)
Sector and Regional Diversity

- 6 sponsor & 20 total participating companies from four continents

**Consumer Products**
- Tata
- Nestle
- Natura

**Technology & Communications**
- BT
- Infosys

**Mining, Energy & Industrials**
- BP
- Anglo American
- Dow Chemicals
- Petrobras

**Health Care**
- Novozymes
- Novo Nordisk
- Pfizer
- Merck

**Financial Services**
- Abraaj Group
- RBS Group
- Aviva Investors
- Bloomberg
- BBVA
- Sompo Japan Insurance
- Swiss Re

*Sponsoring companies in bold.*
Key findings

- Effective management of voluntary commitments can add value to corporate performance.
- The UNGC has a unique value added role to play given its position as the only comprehensive global standard.
- Disciplined determination of materiality is key.
- Value creation requires investment and managing up the “Sustainability Commitment Growth Curve” (SCGC).
The Sustainability Commitment Growth Curve (SCGC)

**I ADOPTION**
Identification with a Commitment

- An Emerging CR Approach & Strategy

**II IMPLEMENTATION**
Mobilization around a Commitment

- Maturing CR Strategy with Goals to Align Core Business Strategy & Operating Activities
- Creating value by:
  - Improving risk management processes & systems
  - Enhancing brand reputation
  - Identifying new business opportunities
  - Developing innovative practices & policies
  - Attracting & retaining talent

**III ADVANCEMENT**
Leadership around a Commitment

- Mature Corporate Responsibility (CR)
- Strategy with Deep Integration into Policy, Code of Conduct, and Governance, Risk and Compliance Processes
- Creating value by:
  - Adopting performance management systems that increase organizational efficiency
  - Engaging in more constructive dialogue with all stakeholders
  - Improving reporting processes & external accountability
  - Enhancing human capital through education and training of employees

**INTEGRATION**
How deeply the commitment is embedded into a company’s strategy and core business practices.

**TIME**
A company’s relationship and performance to a commitment will evolve over time.
How does the SCGC create value for companies?

- Mapping the stage companies are at with respect to integrating Commitments
- Identifying where and how Commitments can create impact and value
- Clarifying which Commitments will generate increased impact and value
- Use of Commitments as strategic governance, management and performance tools
SCGC Phase I: Adoption

Characteristics

- Clarity on Commitment value and goals
- CEO endorsement of the Commitment
- Meets reporting requirements
- Conducts compliance review and closes material gaps
- Initiates pilot programs to operationally support Commitment
- Leverage reputational benefits

Aviva PLC

- Board level Governance + clear accountability for operational integration
- Frame ‘Must & Should’ Compliance (not just clarity at centre) and use ‘Risk’ & Opportunity levers
- What’s the gateway to proving value that opens up the rest?

Novozymes

- Governance: from several committees to one board
- Commitment providing overview of gaps and future direction
- Understand and communicate the business case
SCGC Phase II: Implementation

Characteristics

- Establish management practices and procedures to meet Commitment standards
- Establish education, training and communication initiatives to build awareness and support
- Inform Senior Executive Team on adherence to Commitment
- Support reporting through data collection & analysis
- Leverage Commitment to support stakeholder engagement
- Set clear accountability for Commitment compliance

Novozymes

- Integrating sustainability – commitment driving performance, not only behavior
- Engage with stakeholders to increase knowledge
- Establishing procedures: Human Rights Minimum Standard Assessment

Aviva PLC

- KPI accountability & disclosure drives focus over longer term
- Frameworks & Capability build essential
- Involvement and ownership vertically and horizontally (functions and BU's) enables global value add
## SCGC Phase III: Advancement

### Characteristics

- Establish formal systems to review sustainability activities
- Define clear Commitment selection process with senior leadership team
- Use Commitment to establish baseline performance
- Guide revision of corporate policies, code of conduct, governance, risk, and compliance procedures
- Demonstrate leadership, collaboration, and advocacy for commitment adoption and implementation
- Go beyond baseline reporting requirements and elevate transparency and disclosure

### Aviva PLC *

- Stakeholder dialogue increases (valuable anyway)—‘we’ not ‘them & us’
- Further dispersal of consciousness & ownership (but it's always a contextual negotiation)
- Can demonstrate what we are causing from values & £-value sides of spectrum


### Novozymes

- Setting corporate sustainability targets
- Selection process to be determined by core business
- Next step: Making sustainability part of business development
Looking Ahead: How can companies focus on their own Commitments?

1. Take a disciplined approach to “materiality”
2. Develop a sustainability commitment scorecard
   a) Global level
   b) Industry level
   c) Issue level
3. Use UNGC as a filter and guide
4. Develop a plan to assess commitment and opportunities to advance up the SCGC
Questions?

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▶ Additional information:
   ▶ Aviva Investors sustainability initiatives: http://www.aviva.com/reports/2012cr/strategy-governance/strategy/