BSR®
The Business of a Better World

State of Sustainable Business Poll 2010

November 3, 2010

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Highlights

- **Business leaders remain focused on sustainability** despite economic uncertainty, and nearly all plan to maintain or increase spending on CSR programs.
- **Demonstrating the benefits of sustainability**—whether economic, social, or environmental—is highly important in promoting CSR/sustainability among consumers and businesses, and is vital for building trust.
- **Respondents think innovating for sustainability** is a critical driver of overall business success and leadership, and is also important in encouraging sustainable consumption among consumers.

Executive Summary

Executive Summary

BSR members expect climate change, workers' rights, and human rights to be the focus of their organization's sustainability efforts over the next year.

- Climate change remains an important focus of these efforts, with 63 percent of respondents selecting it more than any other issue as either a "significant" or "very significant" priority.
- Social issues advanced in the rankings this year, with workers' rights taking the most notable jump, moving to the top of the list of "very significant" priorities (selected by 32 percent) for companies' CSR/sustainability efforts in the year ahead.

Respondents continue to be optimistic that sustainability will be an integral part of global business as well as their organization's strategy in the near future.

- 84 percent of respondents are optimistic that global business will embrace CSR/sustainability as part of their core strategy over the next five years.
- Measuring the return on investment of CSR/sustainability efforts is not yet a widespread practice; only one-third of respondents report doing so within their organizations.

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Executive Summary

Respondents expect activity in most areas of their organization's CSR program will remain the same in the coming year, with a few notable areas of increased activity.

- While CSR/sustainability communications (both internal and external) are predicted to increase over the next year, efforts in most of the other areas (i.e., CEO and board-level engagement, number of staff, demonstrable ROI) are increasingly predicted to stay the same compared to 2009.
- Nearly all (94 percent) of the respondents said that their companies plan to maintain or increase their budgets for CSR/sustainability programs in the year ahead.

Respondents identified the actions that will increase public trust in business, demonstrate leadership, and lead to ongoing success.

- Respondents think companies can build trust by measuring and demonstrating positive social and environmental impacts and by being increasingly transparent about business practices.
- The two activities in which respondents believe business is currently showing the most leadership, and that they consider the most significant drivers of overall business success, are innovating for sustainability and demonstrating positive social and environmental impacts.

Executive Summary

Respondents continue to see energy efficiency as the primary focus of climate strategy at their organization.

- Competing priorities, short-term financial pressures, and complexity of implementation are considered to be the most significant barriers to organizations doing more to address climate change, similar to the 2009 survey results.

Affordability, convenience, and force of habit are viewed as the most significant barriers to sustainable consumption among consumers.

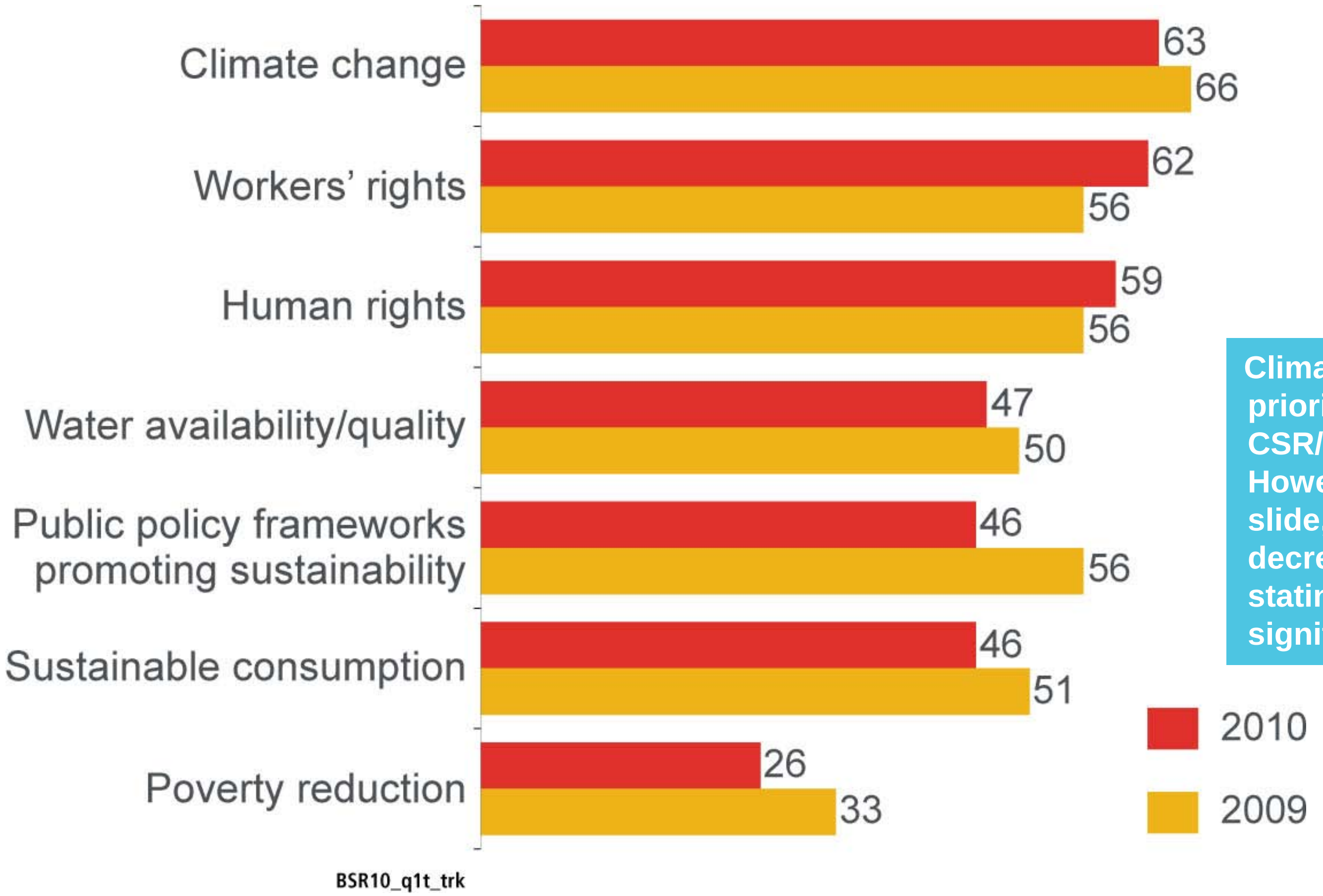
- Respondents believe that business can overcome these barriers by demonstrating the economic benefits of sustainable choices and by offering more sustainable products and services.

Detailed Findings

CSR/Sustainability Within Organization

Significant Sustainability Priorities

"A Priority (4+5),"* 2009–2010



Climate change remains a priority for companies' CSR/sustainability efforts. However, as noted in the next slide, there has been a decrease in the proportion stating that it is a "very significant priority."

*Percentage of respondents who selected 4 or 5 on a 5-point scale where 1 is "not at all a priority" and 5 is "a very significant priority."

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1. When you think about the focus of your company's corporate social responsibility (CSR)/sustainability efforts in the next 12 months, how much of a priority are each of the following issues?

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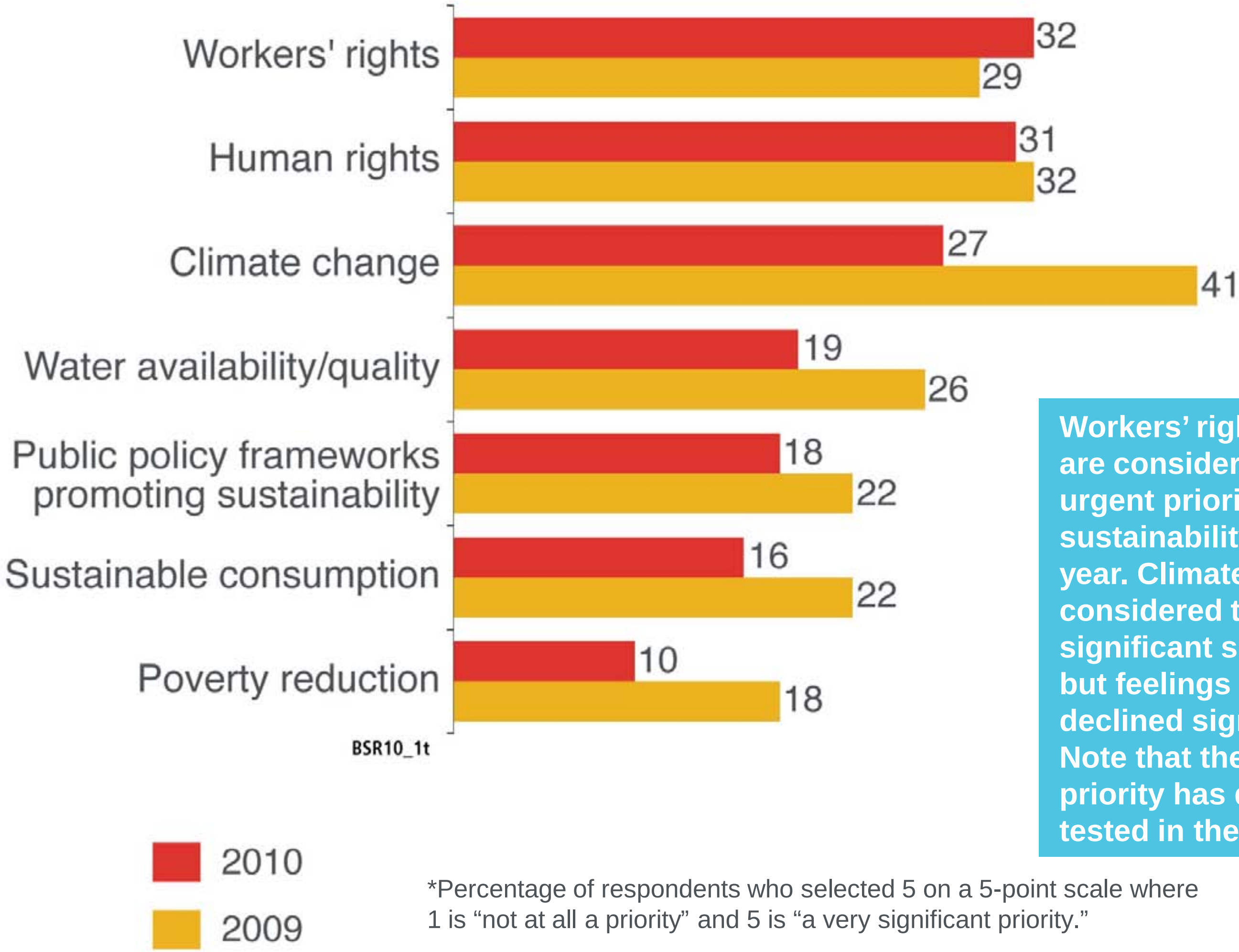
Very Significant Sustainability Priorities

"A Very Significant Priority,"* 2009–2010



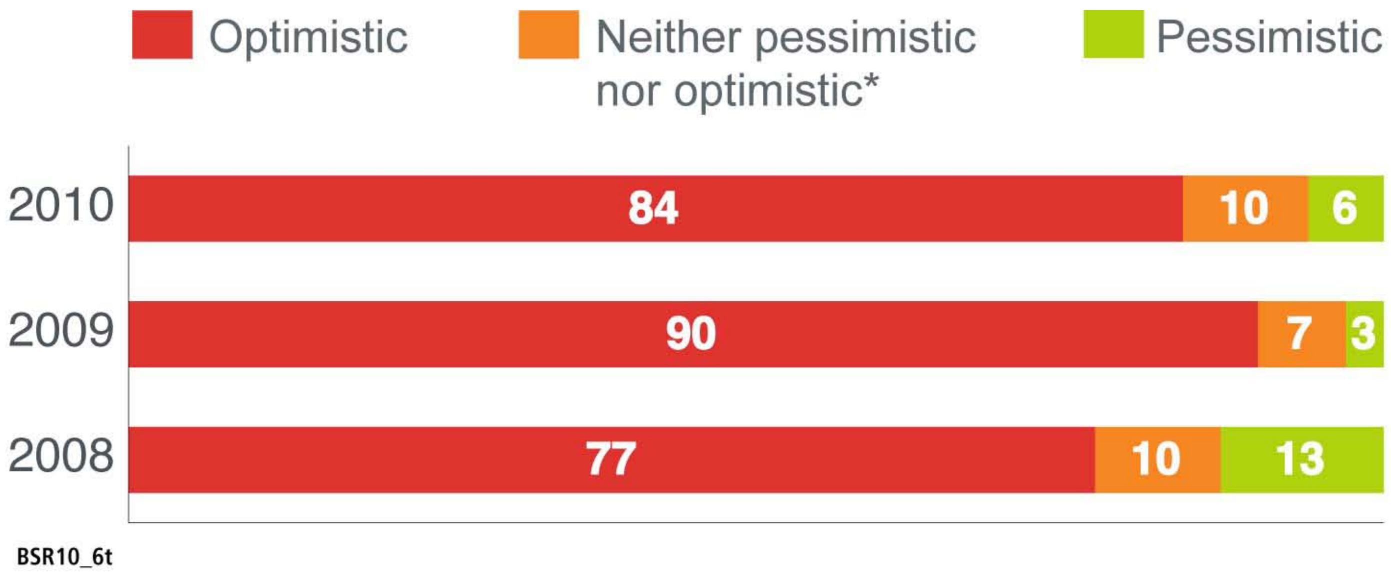
Workers' rights and human rights are considered to be the most urgent priorities for business' sustainability efforts over the next year. Climate change is also considered to be among the most significant sustainability priorities, but feelings of urgency have declined significantly from 2009. Note that the sense of expected priority has declined for most areas tested in the survey.

*Percentage of respondents who selected 5 on a 5-point scale where 1 is "not at all a priority" and 5 is "a very significant priority."

1. When you think about the focus of your company's corporate social responsibility (CSR)/sustainability efforts in the next 12 months, how much of a priority are each of the following issues?

Will Global Business Embrace CSR?

2008–2010



More than eight in 10 respondents (84 percent) are somewhat or very optimistic that global businesses will embrace CSR/sustainability as part of their core strategies and operations in the next five years. However, there has been a slight decrease in the proportion of respondents stating that they are very optimistic (from 26 percent in 2009 to 19 percent in 2010).

*The "Neither pessimistic nor optimistic" category includes "DK/NA."

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6t. On a 5-point scale, where 1 represents "very pessimistic" and 5 represents "very optimistic," please rate your outlook regarding the extent to which global businesses will embrace CSR/sustainability as part of their core strategies and operations in the next five years.

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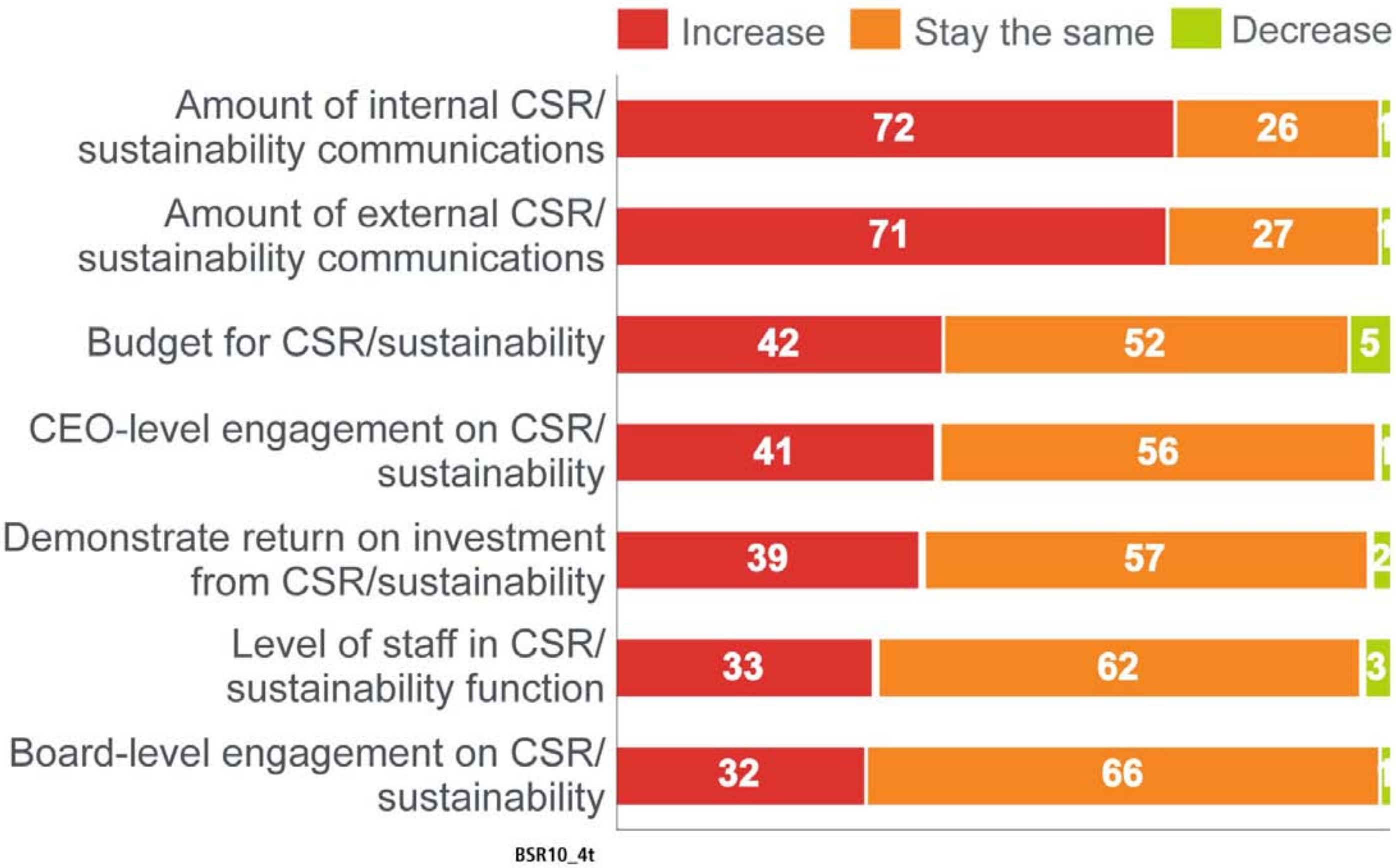
Expected Changes to CSR Programs

2010



The white space in this chart represents "DK/NA."

Most respondents predict that internal and external communications on CSR and sustainability will increase over the next year within their company, while efforts in other areas, such as board-level and CEO engagement, budgets, and level of staff, will stay the same. Still, nearly all (94 percent) expect budgets to stay the same or increase.

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4t. In the next 12 months, what changes, if any, do you anticipate for each of the following with respect to your company's CSR/sustainability programs?

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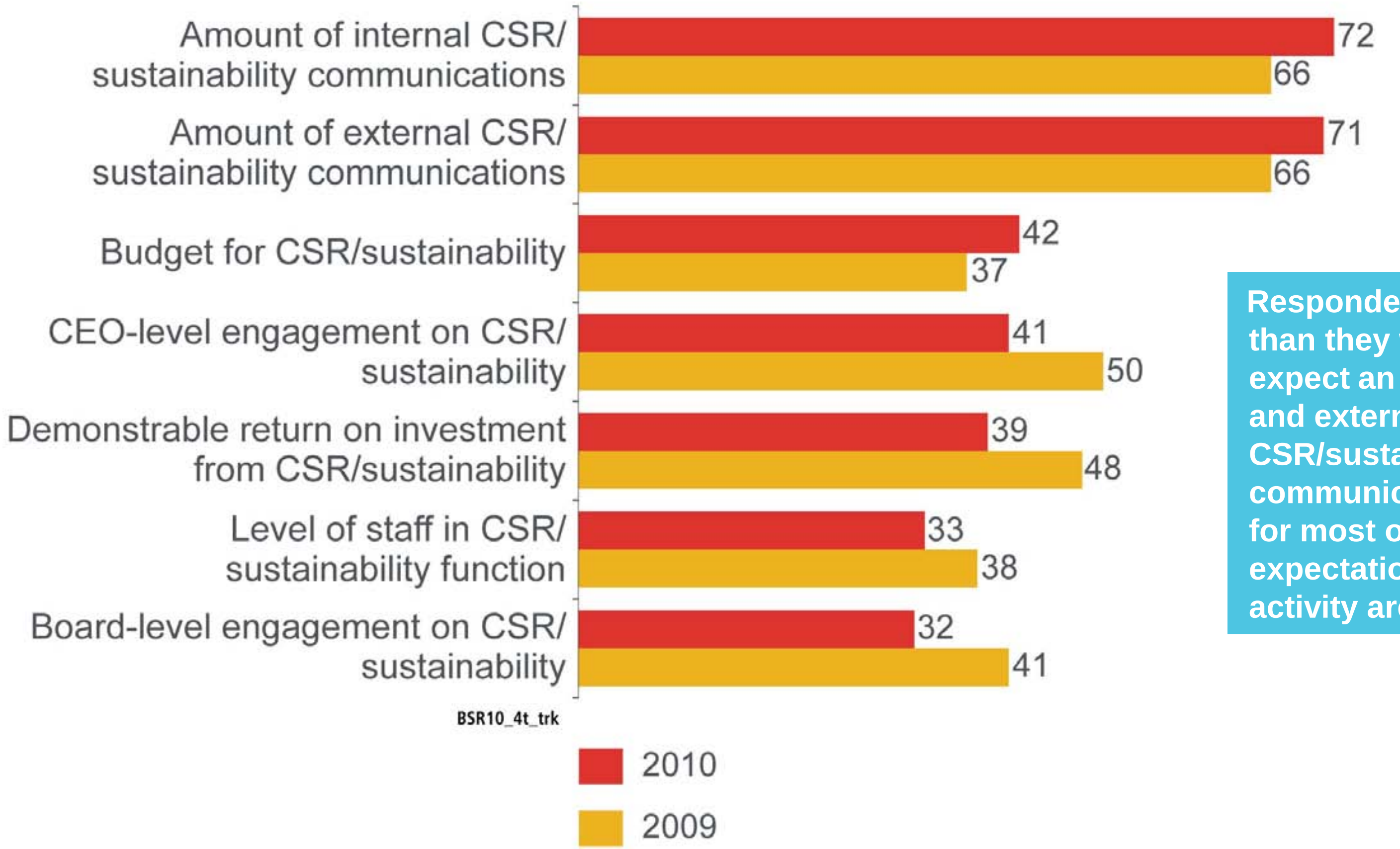
Expected Changes to CSR Programs

"Increase," 2009–2010

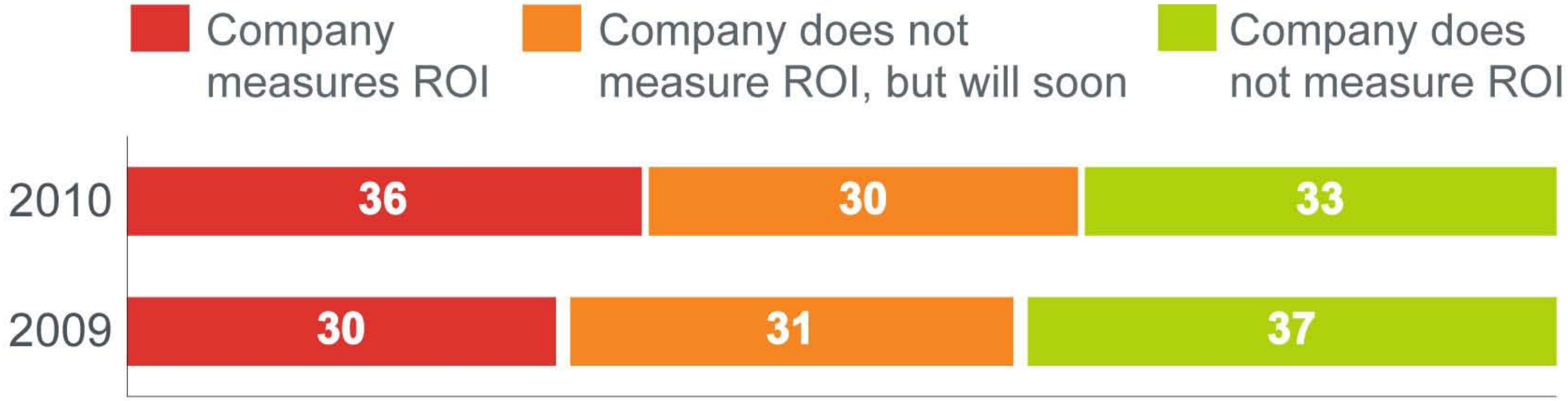


Respondents are more likely than they were in 2009 to expect an increase in internal and external CSR/sustainability communications. However, for most other areas, expectations of increased activity are on the decline.

4t. In the next 12 months, what changes, if any, do you anticipate for each of the following with respect to your company's CSR/sustainability programs?

Company Currently Measures ROI of CSR

2009–2010



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Measuring the ROI of CSR/sustainability is not yet a consistent corporate practice. Roughly one-third of respondents indicate that their company/organization currently measures the ROI of CSR and sustainability, with a further 30 percent saying that their organization will do so in the future. The proportion of respondents whose organization or company currently measures the ROI of CSR/sustainability has increased slightly from 2009.

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5t. Does your company currently measure the return on investment (ROI) for any of its CSR/sustainability efforts?

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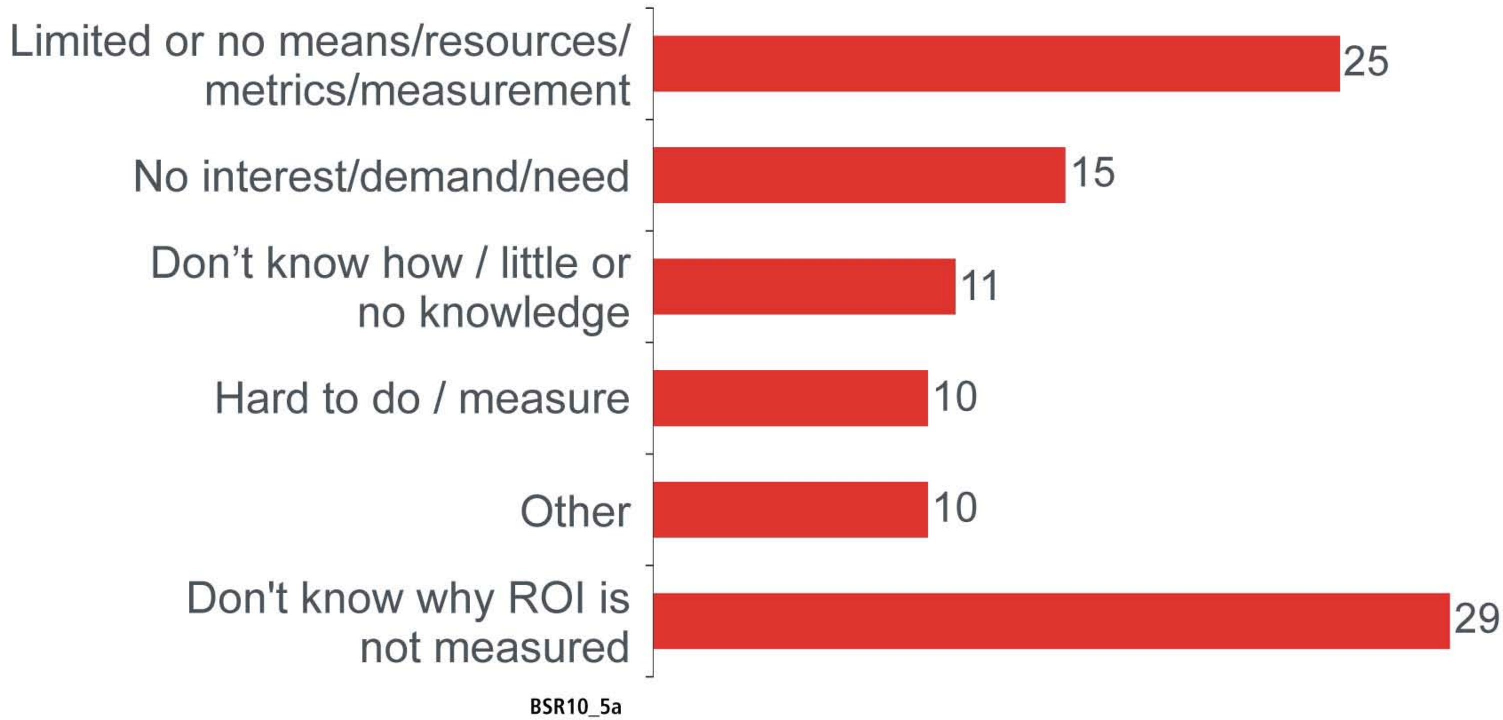
Why Company Does Not Measure ROI on CSR?

Unprompted, 2010



The most frequently mentioned reason why companies do not currently measure the ROI of CSR/sustainability efforts is because of a lack of resources. Other reasons point to underlying demand for support and education in measuring this ROI (note the frequent mentions of a lack of knowledge in how to measure ROI and that measurement is difficult to do).

5a. Why does your company currently not measure the return on investment (ROI) for any of its CSR/sustainability efforts?

Drivers of Public Trust, Business Leadership, and Ongoing Success

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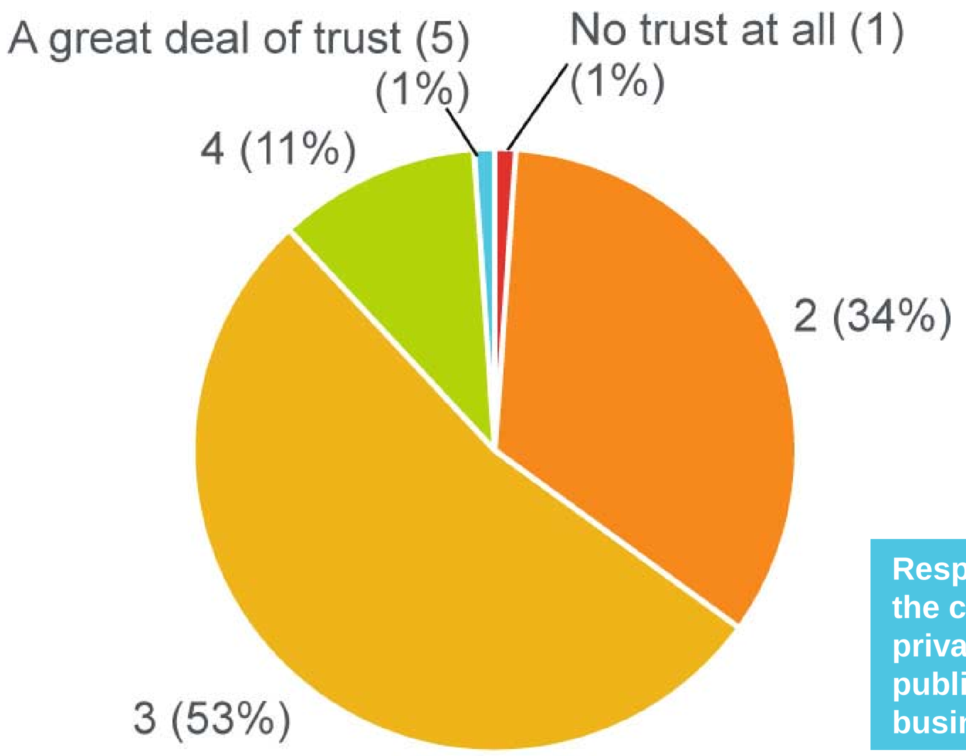
Trust in Business

2010



BSR10_2

Respondents are pessimistic about the current state of trust in the private sector, with most saying the public has very little trust in business today.

Note: Based on a 5-point scale where 1 is "No trust at all" and 5 is "A great deal of trust."

2. How much trust do you believe the public has in business today?

Most Important Action to Build Trust

Combined Mentions, 2010

Respondents think that measuring and demonstrating the positive social and environmental impacts and increasing transparency of business practices are the most important actions companies should take to improve public trust.

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3.1 Which three of the following are the most important actions companies should take to improve public trust in business?

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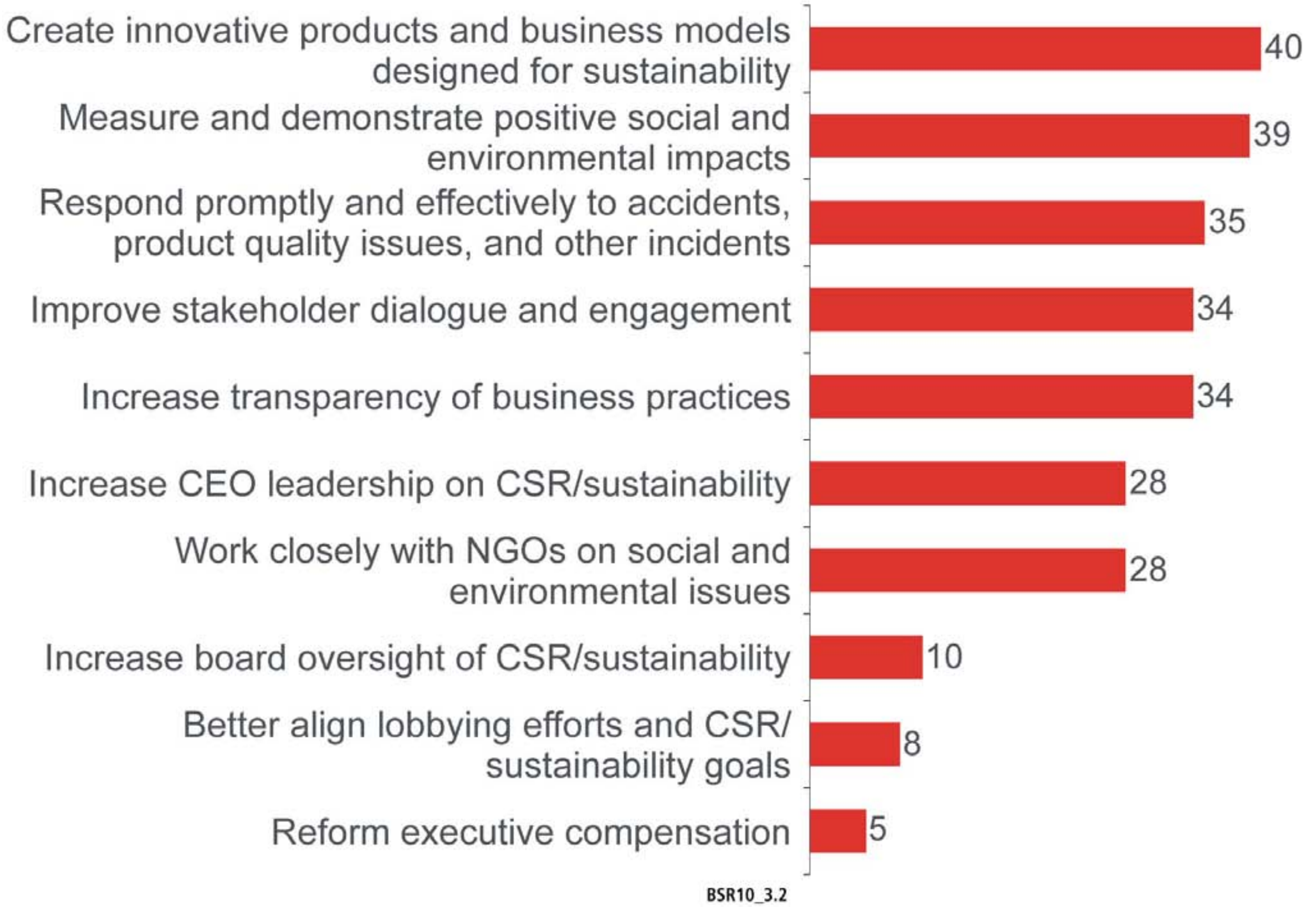
Business Leadership Areas

Combined Mentions, 2010



There is no majority view on which area business is currently showing the greatest leadership. Respondents are most likely to think that business is doing a good job in innovating for sustainability and demonstrating positive social and environmental impacts. The latter was also cited as the most important way for business to build trust among the public.

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3.2 In which three of the following areas is business showing the greatest leadership today?

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Important Drivers of Business Success

Combined Mentions, 2010

In addition to being a key leadership area, innovating for sustainability is also mentioned as the most significant driver of business success.

3.3 And which three of the following areas are the most important drivers of overall business success?

Trust, Leadership, and Performance

Combined Mentions, 2010

	Trust Building	Leadership Areas	Drivers of Success
Top Mention	Demonstrate positive social/enviro impacts	Innovate for sustainability	Innovate for sustainability
Second Mention	Increase transparency	Demonstrate positive social/enviro impacts	Demonstrate positive social/enviro impacts
Third Mention	Respond promptly to incidents	Respond promptly to incidents	Respond promptly to incidents
Fourth Mention	Improve stakeholder engagement	Improve stakeholder engagement	Increase transparency
Fifth Mention	Innovate for sustainability	Increase transparency	CEO leadership on CSR/sustainability

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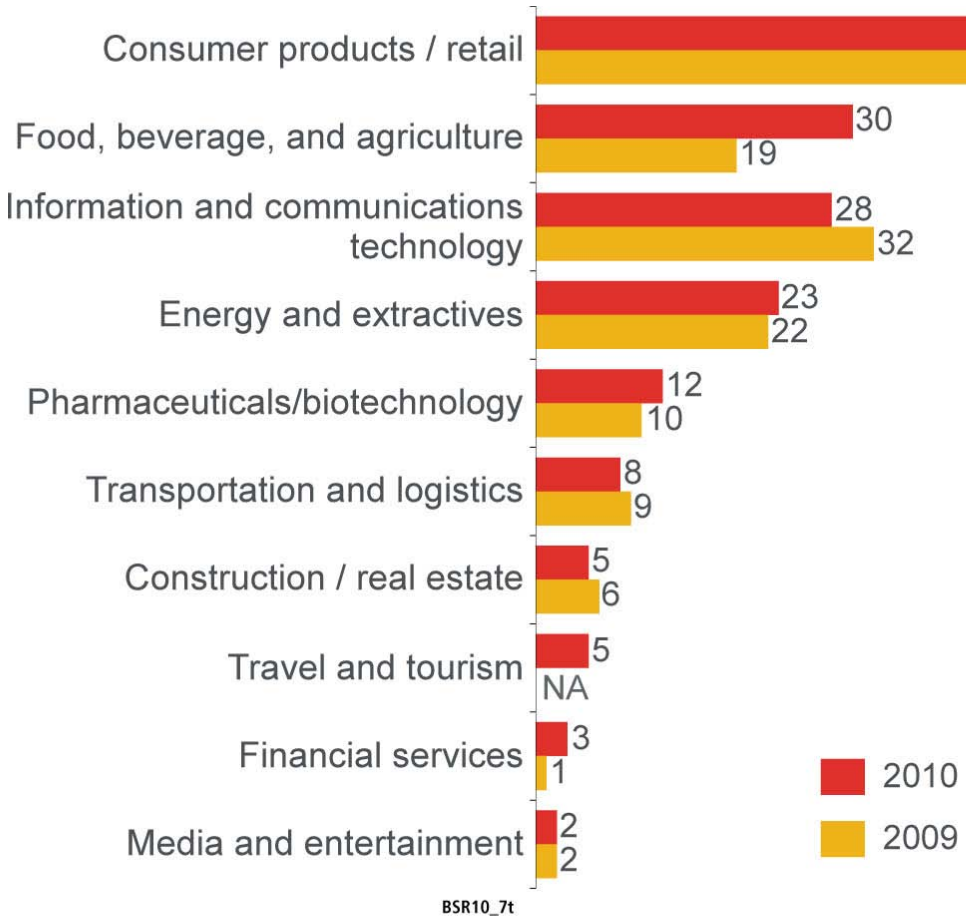
Which Industries Are Most Responsible

Combined Mentions, 2009–2010



The two industries that respondents think have acted most responsibly in terms of their sustainability efforts in the past few years are the consumer products/retail (57 percent) and food, beverage, and agriculture industries (30 percent, up from 19 percent in 2009). While the highest proportion of respondents say they work in the consumer products/retail industry (thus potentially skewing the results toward this particular industry), it is important to note that respondents from all other industries also mention consumer products/retail either the most or second most frequently.

7t. In your opinion, which of the following industries have acted most responsibly in terms of their CSR/sustainability efforts in the past few years?

Developments in CSR/Sustainability

Most Significant Development in Past Year

Combined Mentions, 2010

Most significant development/event/news	Number of mentions
BP Deep Horizon oil spill	26
Attention to / implementation of CSR/sustainability in business	12
Sustainability/energy/carbon initiatives	12
Outcomes / failure of COP-15	6
Labor / supply chain issues	4
Lack of US climate legislation	3
Financial crisis / recession	2
Other	12
Don't know	24

The BP Deepwater Horizon oil spill is mentioned most often as the most significant development, event, or news related to CSR/sustainability in the past 12 months.

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10t. Over the past 12 months, what has been the most significant development, event, or other news related to CSR/sustainability?

Most Significant Development Over Next Year

Combined Mentions, 2010

Most significant development/event/news	Number of mentions
Broader adoption/focus/integration of CSR/sustainability	14
CSR/sustainability reporting/transparency/measurement	8
Legislation/regulation on environment/climate change	8
Energy efficiency / renewables	6
Water	6
Environmental issues / climate change	5
Sustainable consumption / educating public	4
CSR/sustainability integrated in supply chain	2
Increased CSR/sustainability regulation	2
Ruggie Report/framework / human rights	2
Stakeholder engagement	1
Other	20
Don't know	22

BSR10_11

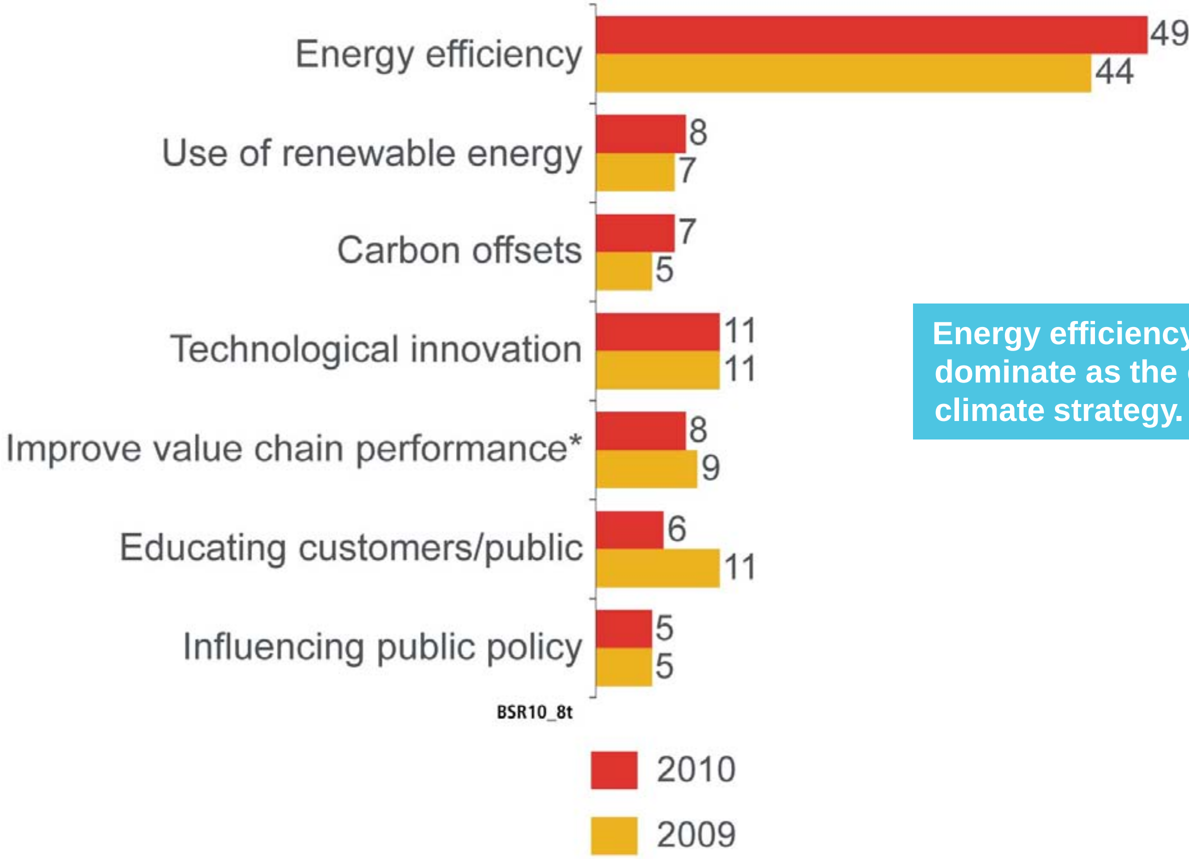
Respondents predict that a broader focus and integration of CSR/sustainability will be the most significant development in CSR/sustainability over the next year. Reporting and measurement, and legislation and regulation, are also predicted to be significant developments.

11. Over the next 12 months, what do you think will be the most significant development in CSR/sustainability?

Climate Change

Emphasis of Climate Strategy

2009–2010



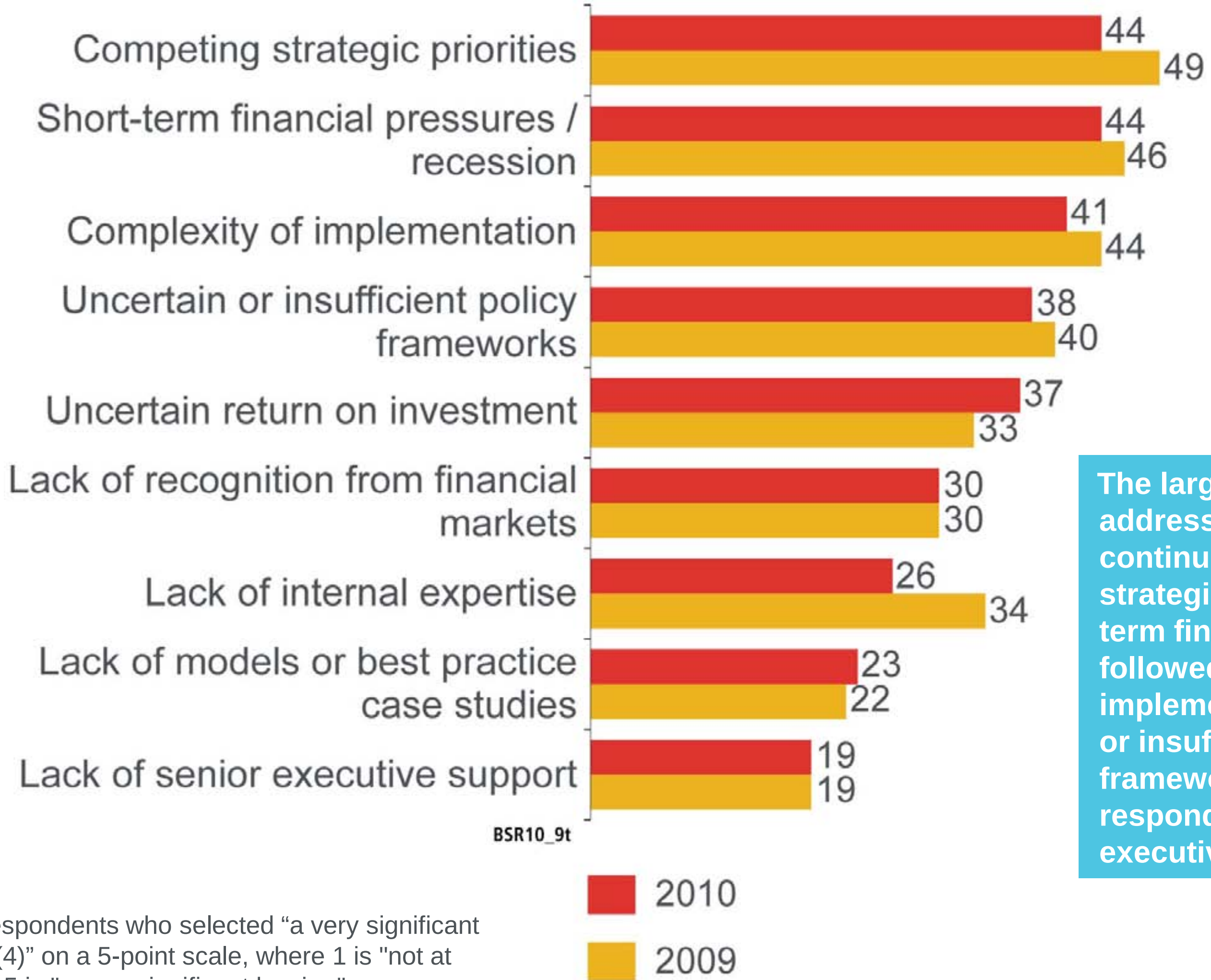
Energy efficiency clearly continues to dominate as the emphasis of companies' climate strategy.

In 2009, was "Working with suppliers"

8t. Which one of the following is the most significant emphasis of your company's climate strategy?

Barriers to Addressing Climate Change

“Major Barrier (4+5)”* 2009–2010



The largest barriers to addressing climate change continue to be competing strategic priorities and short-term financial pressures, followed by complexity of implementation, and uncertain or insufficient policy frameworks. Notably, few respondents point to a lack of executive support as a barrier.

*Percentage of respondents who selected “a very significant barrier (5)” plus “(4)” on a 5-point scale, where 1 is "not at all a barrier," and 5 is "a very significant barrier."

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9t. Please rate the extent to which each of the following are barriers to your company doing more to address climate change.

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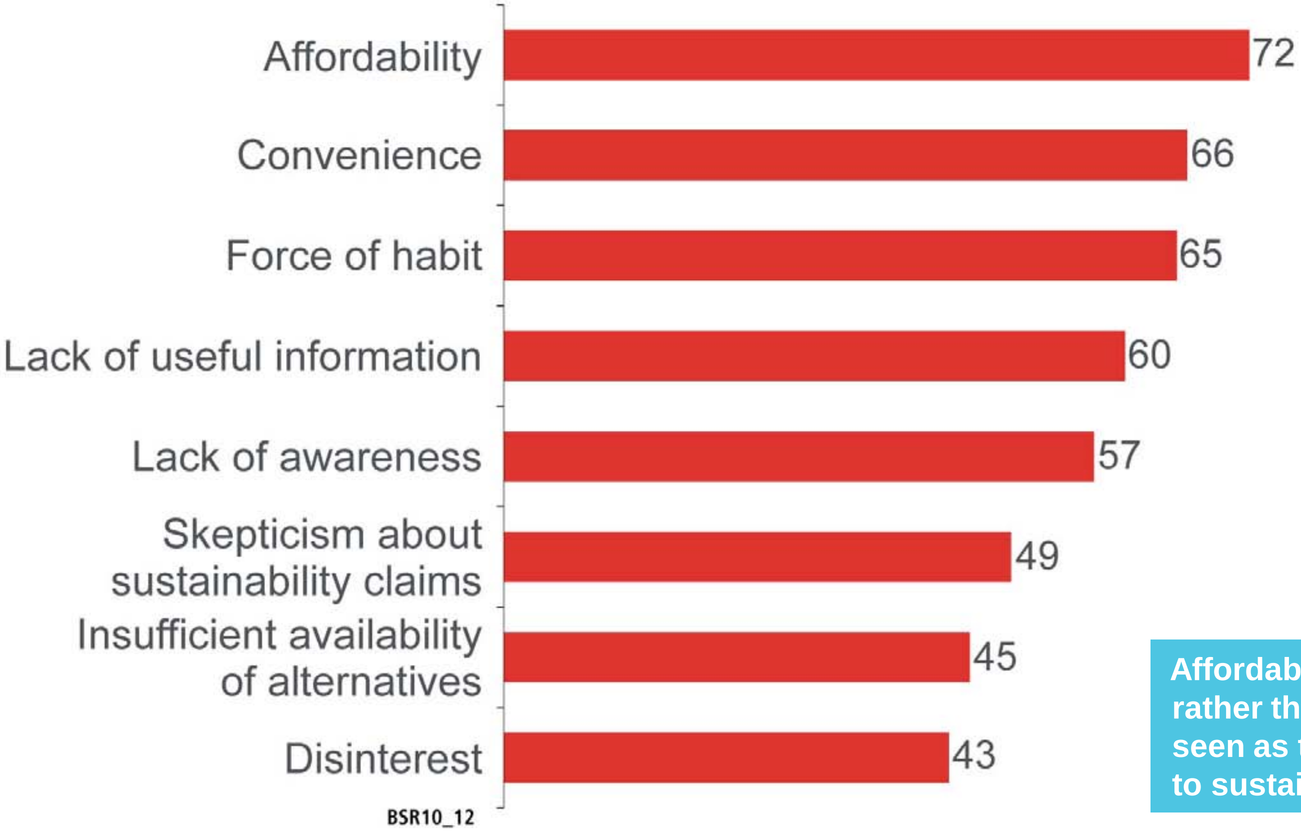
Sustainable Consumption

Barriers to Sustainable Consumption

“Major Barrier (4+5),”* 2010



Affordability and convenience, rather than consumer interest, are seen as the most important barriers to sustainable consumption.

*Percentage of respondents who selected “a very significant barrier (5)” plus “(4)” on a 5-point scale, where 1 is "not barrier at all," and 5 is "a major barrier."

12. To what degree, if any, do you feel each of the following are barriers to consumers paying more attention to sustainability in their purchases and behavior?

Tools to Promote Sustainable Consumption

"Effective (4+5),"* 2010

Most respondents think that all approaches would be effective in increasing sustainable consumption, and especially ones that address both consumer choice and the economic advantages of sustainable consumption.

*Percentage of respondents who selected "very effective (5)" plus "(4)" on a 5-point scale, where 1 is "not effective at all," and 5 is "very effective."

13. How effective, if at all, do you believe each of the following would be in helping business increase sustainable consumption by consumers?

Methodology

Methodology

- The “BSR/GlobeScan State of Sustainable Business Poll 2010” was conducted from September 29 to October 11, 2010, among a sample of 377 professionals from BSR member companies and organizations.
- The sample population was comprised of 377 representatives from business, NGOs, government, and academia, representing Africa, Asia/Pacific, Europe, Latin America, and North America.
- Unless otherwise noted, figures in charts refer to percentage of respondents.
- Where respondents are asked for multiple mentions, the figure is calculated as a percentage of total respondents and the total can exceed 100.

About BSR

A leader in corporate responsibility since 1992, BSR works with its global network of more than 250 member companies to develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. With offices in Asia, Europe, and North America, BSR uses its expertise in the environment, human rights, economic development, and governance and accountability to guide global companies toward creating a just and sustainable world. Visit www.bsr.org for more information.

About GlobeScan

GlobeScan is an international opinion research consultancy. Companies, multilateral institutions, governments, and NGOs trust GlobeScan for its unique expertise in reputation research, sustainability, and issues management. GlobeScan provides global organizations with evidence-based insight and advice to help them build strong brands, manage relations with key stakeholders, and define their strategic positioning. GlobeScan conducts research in over 90 countries, is certified to the ISO 9001:2008 standard for its quality management system, and is a signatory to the UN Global Compact. Established in 1987, GlobeScan is an independent, management-owned company with offices in London, Toronto, and San Francisco. www.GlobeScan.com.

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