

# The State of Sustainable Business 2018

Results of the 10<sup>th</sup> Annual Survey of Sustainable Business Leaders  
2018



# BSR/GlobeScan State of Sustainable Business 2018

## *Today's speakers*



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## Agenda

**Research Background**

**Sustainability Priorities**

**Sustainability Management**

**Sustainable Development Goals (SDGs)**

**Focus Areas**

Climate Change

Human Rights

Inclusive Economy

Supply Chain

Women's Empowerment

**Evolution of the Sustainability Function**

**Questions**

# Research Background

## About This Research

- **The 10th Annual BSR/GlobeScan State of Sustainable Business Survey** provides insight into the world of sustainable business and identifies common perceptions and practices of corporate sustainability professionals.
- In addition to measuring shifting priorities and challenges in corporate sustainability, this year's survey presented **a unique opportunity to understand how business is responding to the changing social landscape.**
- To hone in on actions of companies within the sustainable business community, this year's data draws from the responses of **one sustainability practitioner at each of 152 BSR member companies who participated.**
- The survey was fielded fully online among the BSR member network, with responses collected between March 22 and May 16, 2018. All field work and stakeholder outreach was managed independently by GlobeScan.

## Sample Breakdown: All Company Respondents

Sector	Consumer Products and Retail	24%
	Information and Communications Technology	12%
	Healthcare	11%
	Energy and Extractives	10%
	Transport and Logistics	9%
	Other*	8%
	Food, Beverage, and Agriculture	7%
	Financial Services	7%
	Professional Services	5%
	Media and Entertainment	3%
	Heavy Manufacturing	3%
	Power and Utilities	2%
	Infrastructure	1%
	Travel and Tourism	1%

\*Examples of "Other" sectors named include Conglomerate, Chemicals, Business Services, Packaging, and Education.

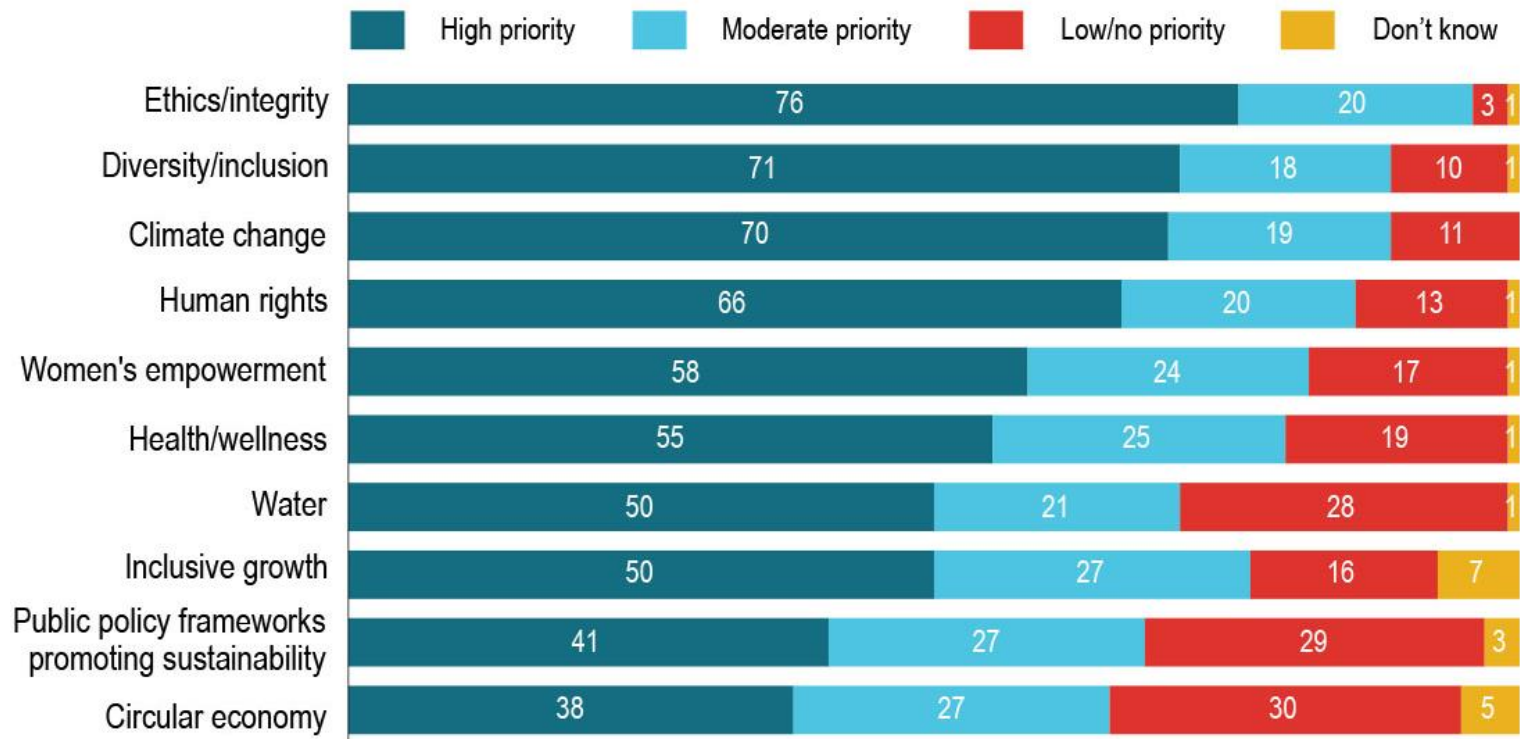
Region	North America		53%
	Europe		24%
	Other regions		23%
	Asia	18%	
	Latin America	2%	
	Oceania	2%	
	Africa	2%	

Job Level	Vice president or above	24%
	Director	33%
	Manager or below	41%
	Other	3%

# Sustainability Priorities

## Over the next 12 months, companies indicate their sustainability efforts will be prioritized around ethics, diversity, climate change, and human rights.

Corporate Sustainability Priorities Over Next 12 Months  
All Company Respondents, 2018



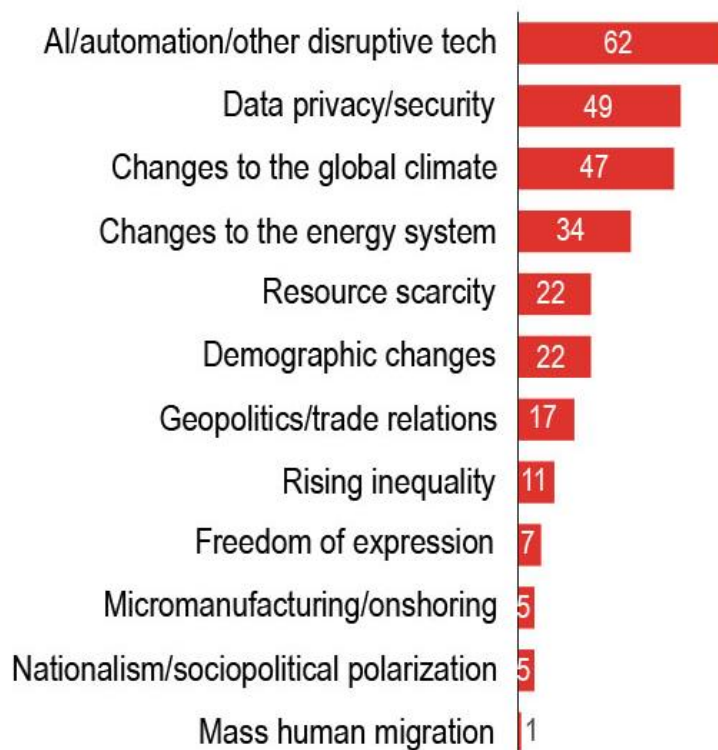
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Q2. When you think about the focus of your company's sustainability efforts in the next 12 months, how much of a priority is each of the following issues? Please use a 5-point scale where 1 is "not at all a priority" and 5 is "a very significant priority."



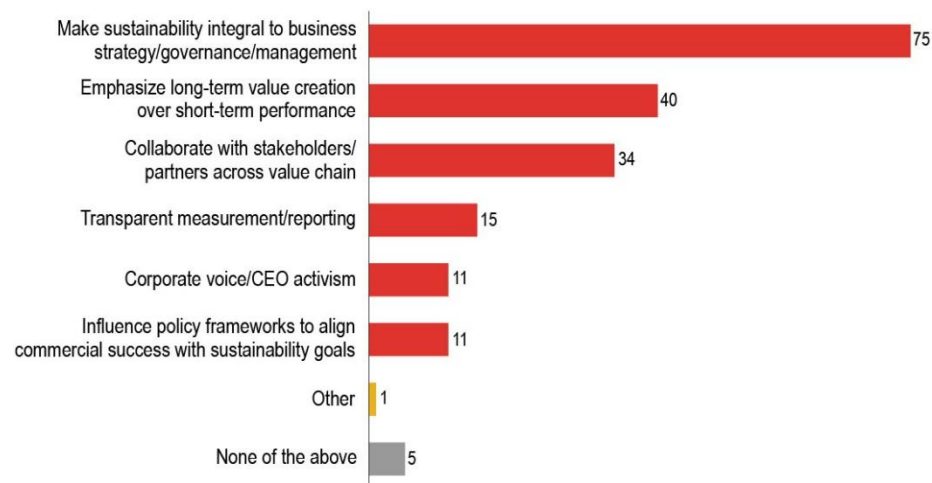
## Companies regard AI/disruptive tech, data security and climate change as important megatrends, but less so the resulting economic inequality and political and social instability that cascades down as a result.

Priority of Global Mega-Trends in Business Strategy. All Company Respondents, Total Mentions, 2018



## Most Important Actions to Address Global Mega-Trends

All Company Respondents, Total Mentions, 2018



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Q21. Which three, if any, of the following challenges/mega-trends is your company prioritizing the most in its business strategy?

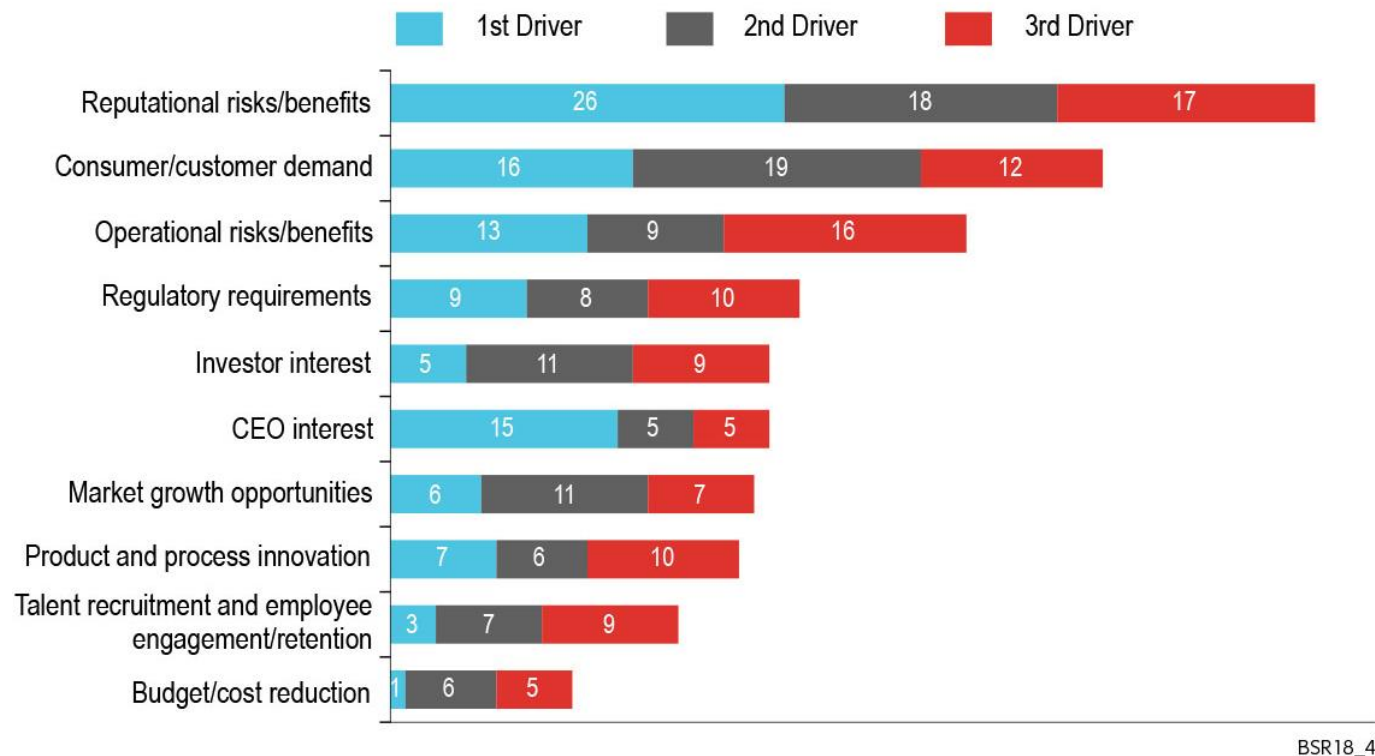
Q22. Which, if any, of the following are most important actions for companies to address these new global opportunities and challenges?

# Sustainability Management

## Reputation remains the most powerful driver of sustainability efforts, followed by consumer/customer demand and operational risk.

Drivers of Sustainability Efforts, Top Mentions, Ranked

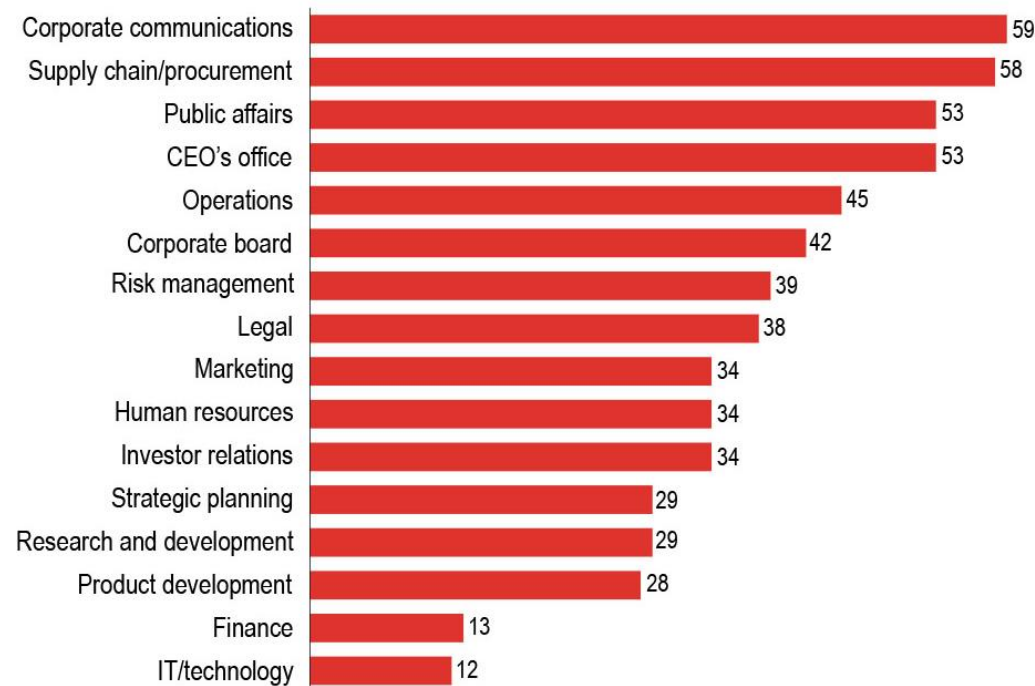
All Company Respondents Identifying Issue as a Top-Three Driver, Combined, 2018



Q4. Which of the following are the most important drivers for your company's sustainability efforts? (From the list below, please rank the three most important drivers by entering 1, 2, or 3 in the space provided, with 1 being "the most important.")

## Levels of engagement with some key corporate functions such as marketing, HR, IR and Finance remain relatively low.

Perceptions of Functions' Engagement with Sustainability  
Engaged, \* All Company Respondents, 2018

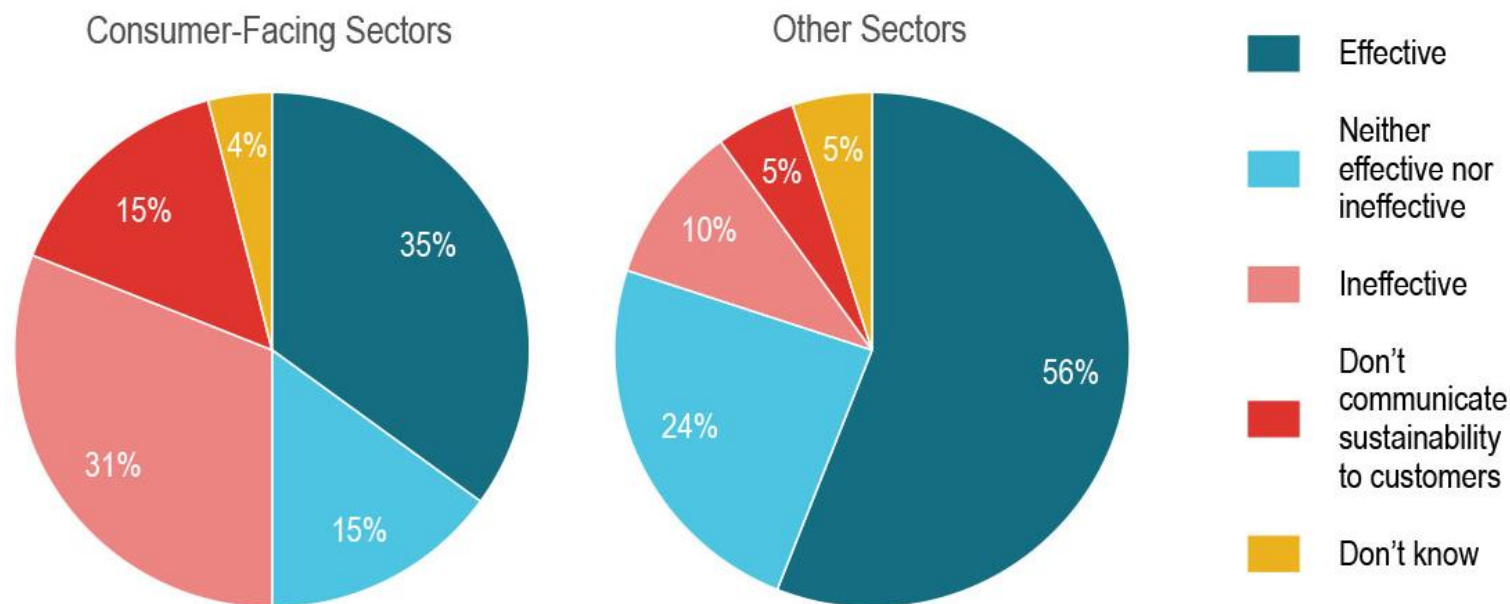


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Q7. Please rate the level of engagement that each of the following functions within your company has with your company's sustainability function. \*Percentage of respondents who selected a 4 or 5 on a 5-point scale where 1 is "Not engaged at all with sustainability" and 5 is "Very engaged with sustainability."

## Fewer than half of sustainability professionals feel their company's sustainability communications to customers/consumers are effective.

Effectiveness of Communicating Sustainability to Customers/Consumers  
All Company Respondents, by Sector, 2018



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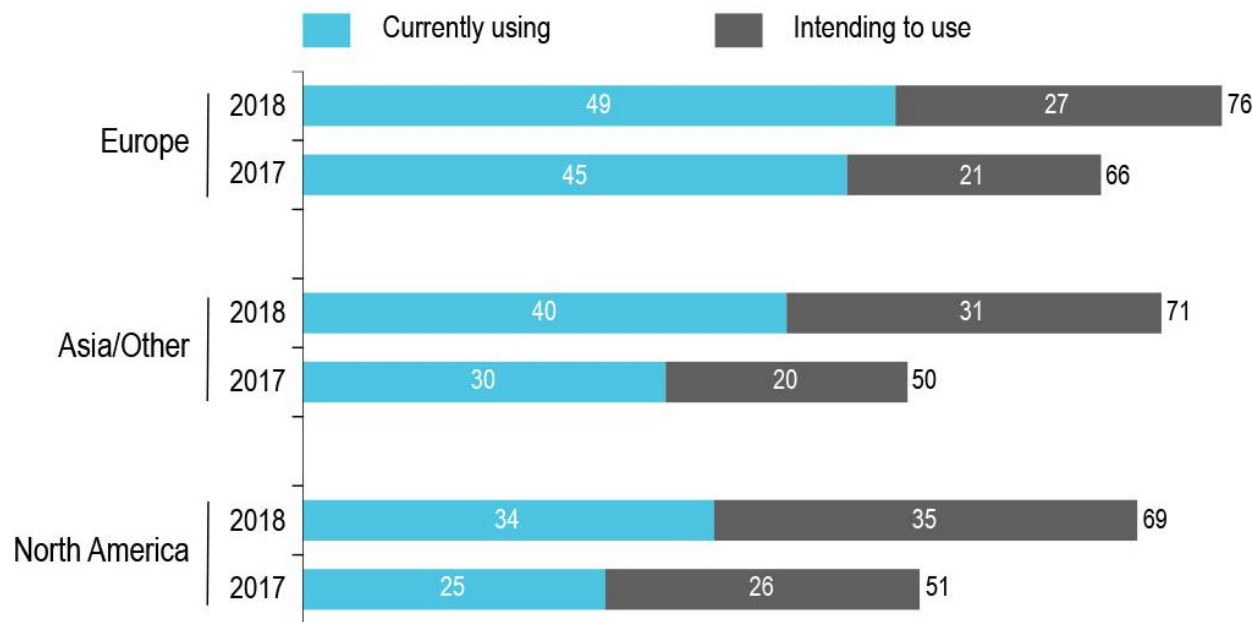
Q5. To date, how effective, if at all, has your company been in communicating your sustainability story to your customers/consumers?

# Sustainable Development Goals

## Companies are increasingly using the Sustainable Development Goals as their strategic north star in setting targets, with Europeans most likely to be utilizing them.

### Corporate Adoption of SDGs to Inform Target-Setting

All Company Respondents Currently Using or Intending to Use the Goals, by Region, 2017–2018



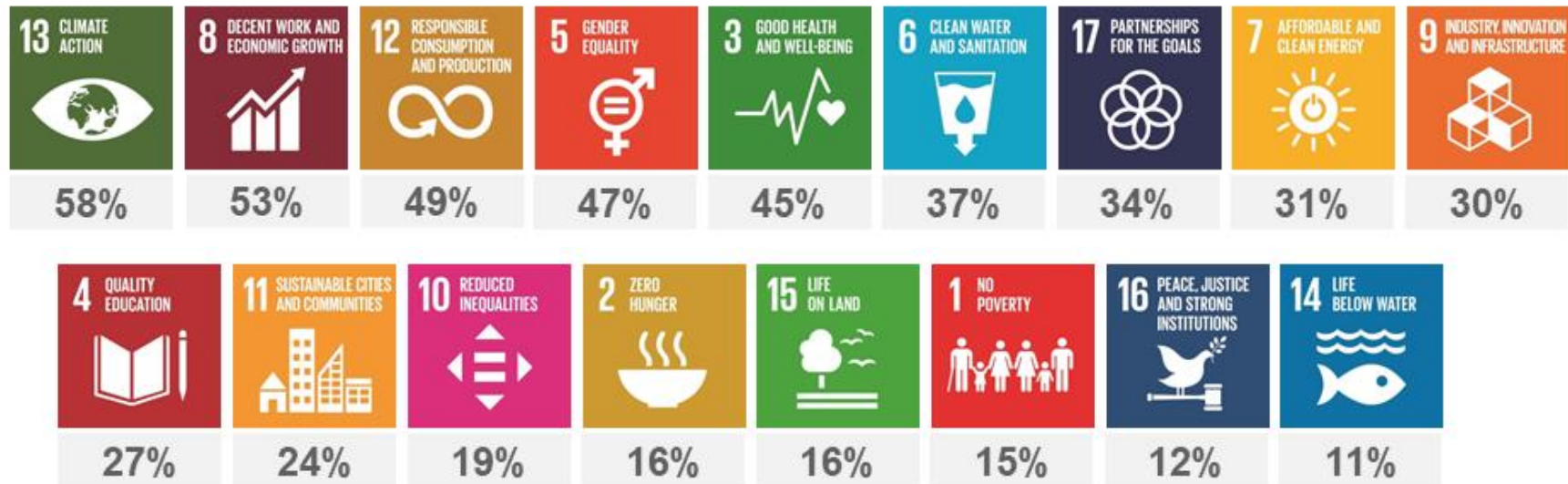
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Q16. Is your company already using or intending to use the UN Sustainable Development Goals to set corporate performance targets?

**While there are a few goals attracting significant corporate support, others are lacking commitments from the private sector.**

Commitments toward Sustainable Development Goals

All Company Respondents, Total Mentions, 2018



Q17. Toward which, if any, of the UN SDGs is your company pledging commitments?

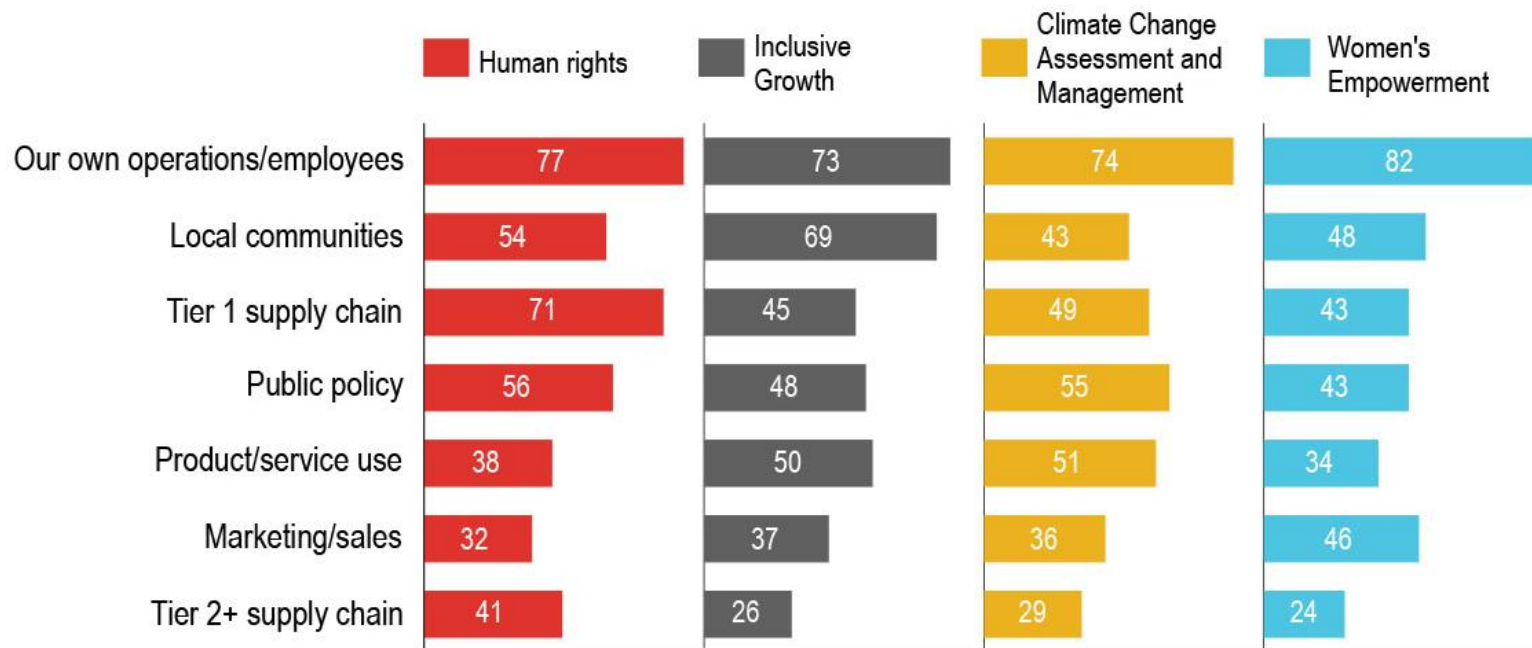


# Focus Areas



**Across issues, most companies focus their activities on operations and employees, some focus on local communities and Tier 1 supply chain, and few pay attention to Tier 2+ suppliers, product use, or marketing.**

Corporate Focus on Thematic Activities Throughout Value Chain  
All Company Respondents, At least a fair amount,\* 2018



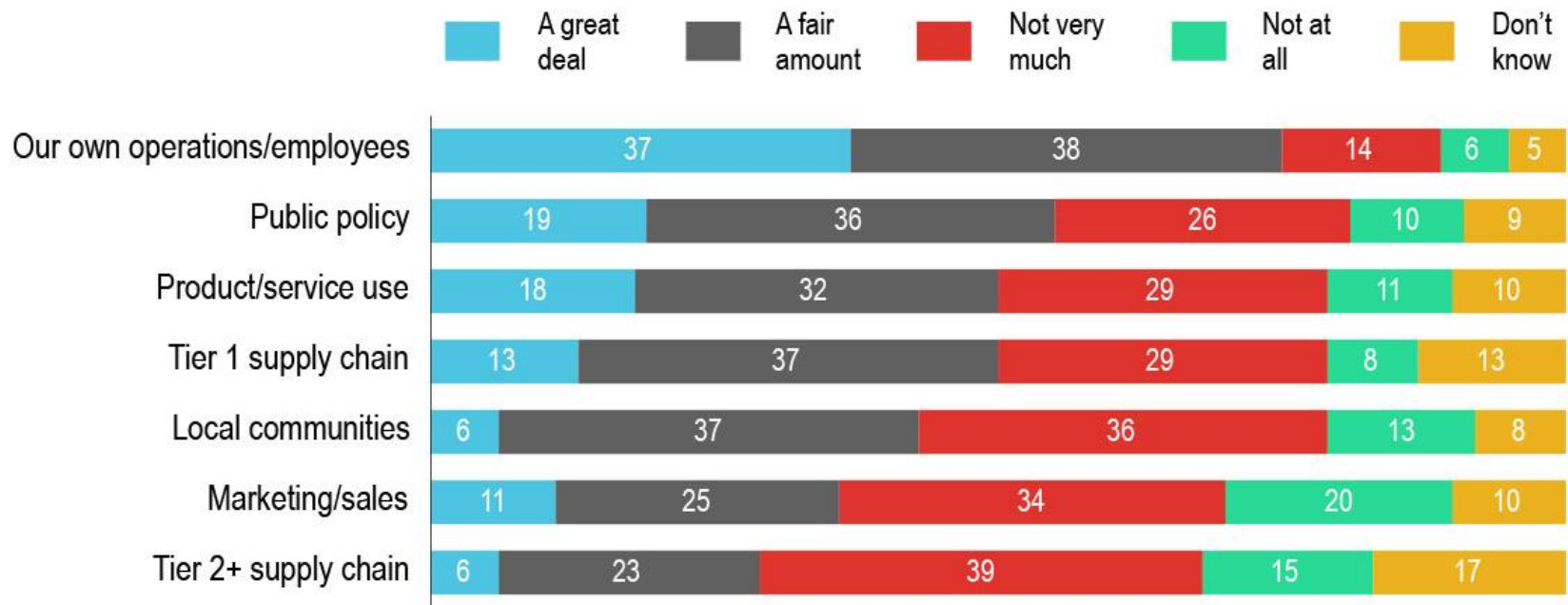
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Q19. How much, if at all, does your company focus on [TOPIC] through each of the following elements of the value chain? \*At least a fair amount = "A lot" + "A fair amount"

# Climate Change

## Companies primarily assess climate change in their own operations and are much less likely to do so farther out in the value chain.

Level of Climate Change Assessment and Management through Value Chain  
All Company Respondents, 2018

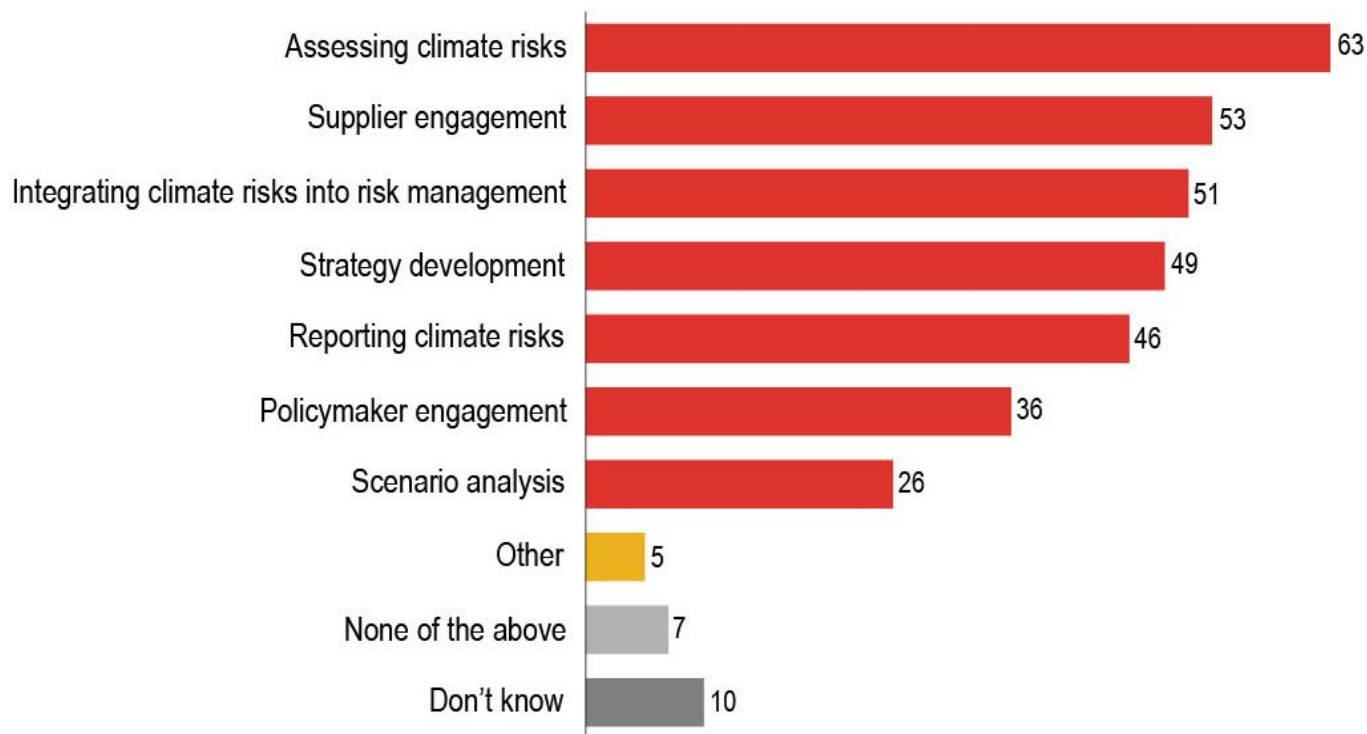


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Q12. How much, if at all, does your company assess and manage climate change through each of the following elements of the value chain?

## Efforts to build climate resilience have focused on risk assessment, risk management, and supplier engagement.

Actions Completed or Currently Underway to Mitigate Climate Risks and Impacts  
Percentage of All Company Respondents Identifying Each Action, Total Mentions, 2018



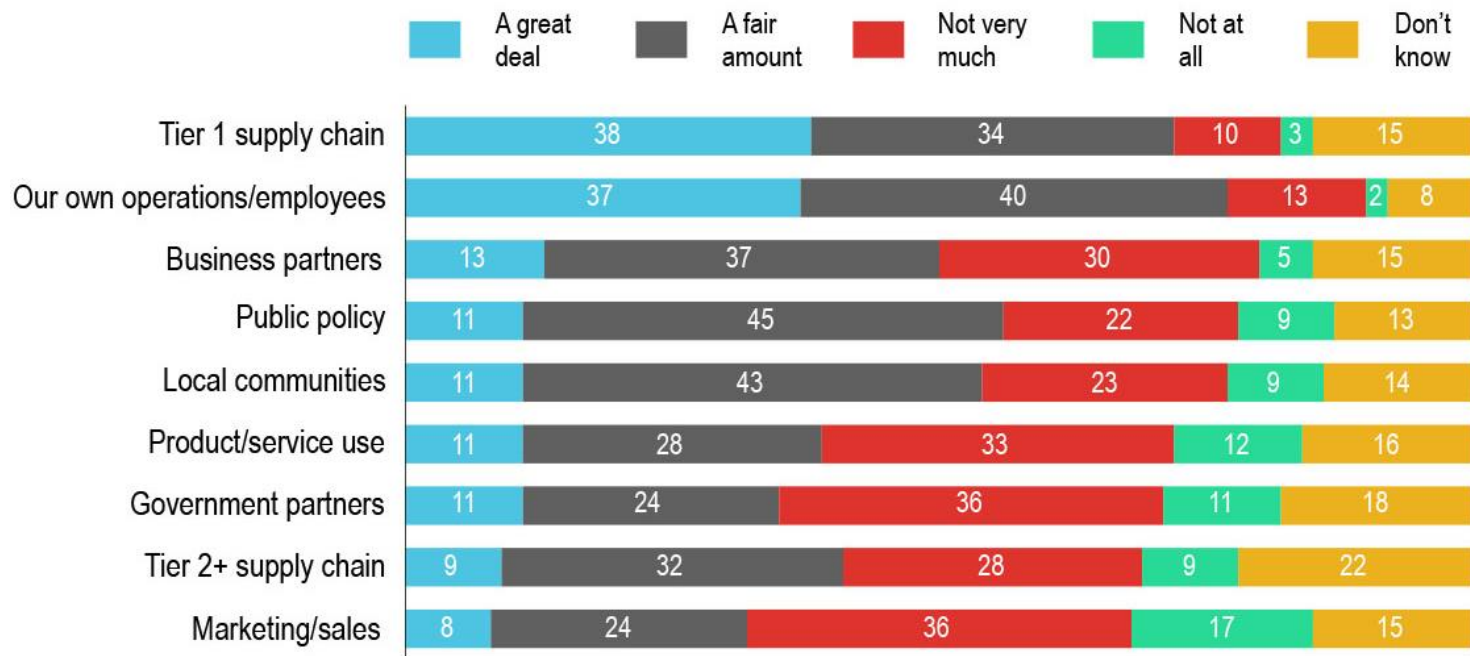
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Q13. What activities have your company completed, or are currently undertaking, to build resilience to climate risks and impacts?

# Human Rights

# Companies have moved their human rights efforts beyond Tier 1 suppliers and own operations, with over half managing them at least a fair amount with business partners, in local communities, and through public policy.

Assessment and Management of Human Rights through Elements of Value Chain  
All Company Respondents, 2018



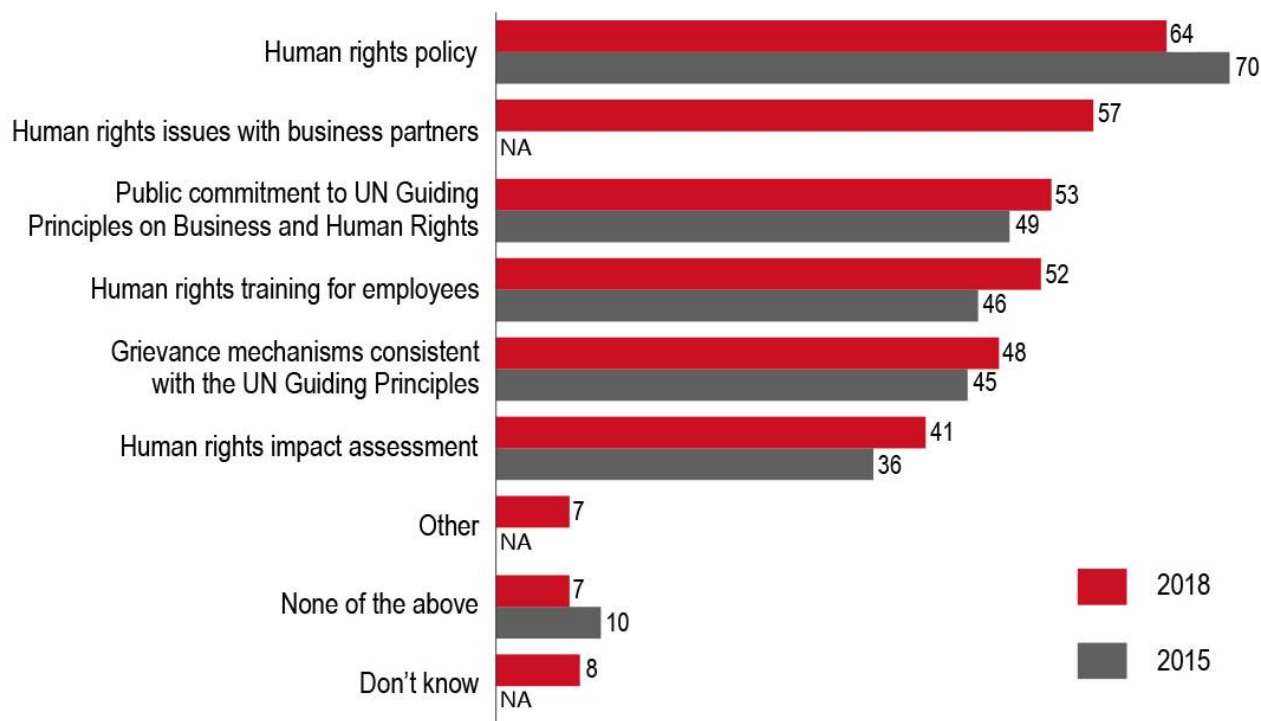
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Q10. How much, if at all, does your company assess and manage human rights through each of the following elements of the value chain?

## While human rights efforts have improved overall since 2015, fewer than half of companies are undertaking human rights impact assessments or have grievance mechanisms consistent with the UNGPs.

### Activities Advancing Human Rights

All Company Respondents, Total Mentions, 2015 vs 2018



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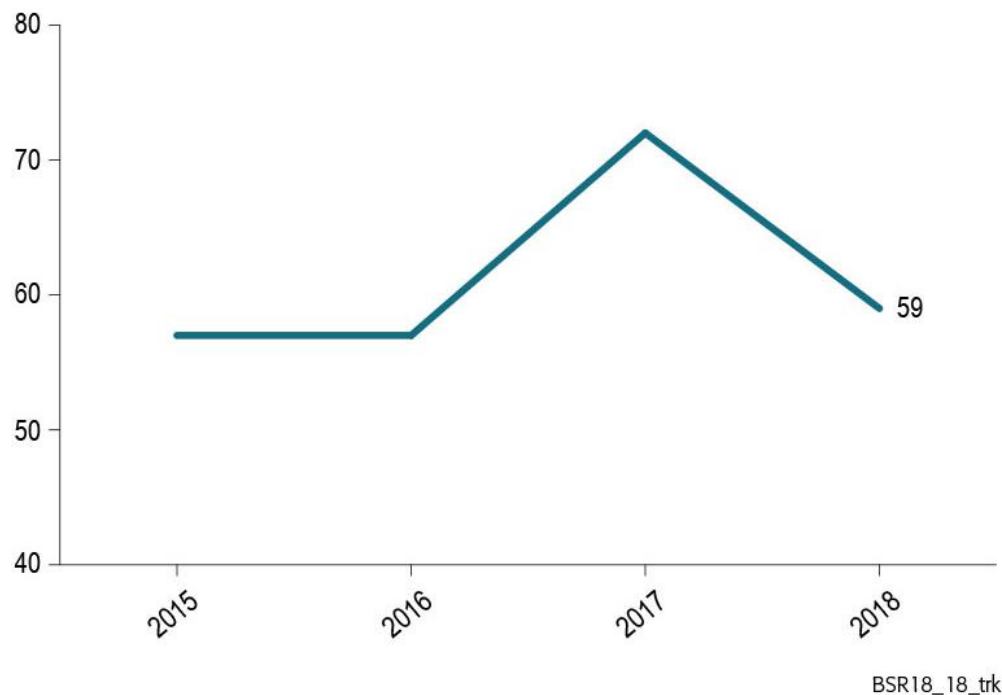
Q11. What activities are you undertaking (or have you undertaken) to advance human rights in your company?  
Please select all that apply.



# Inclusive Economy

**Corporate priority on inclusive growth has returned to the level seen in 2016, raising the question of whether the uptick in 2017 was driven by prominent social and political issues at the time.**

Priority Placed on Inclusive Growth in Company  
“High Priority,” All Company Respondents, 2015–2018

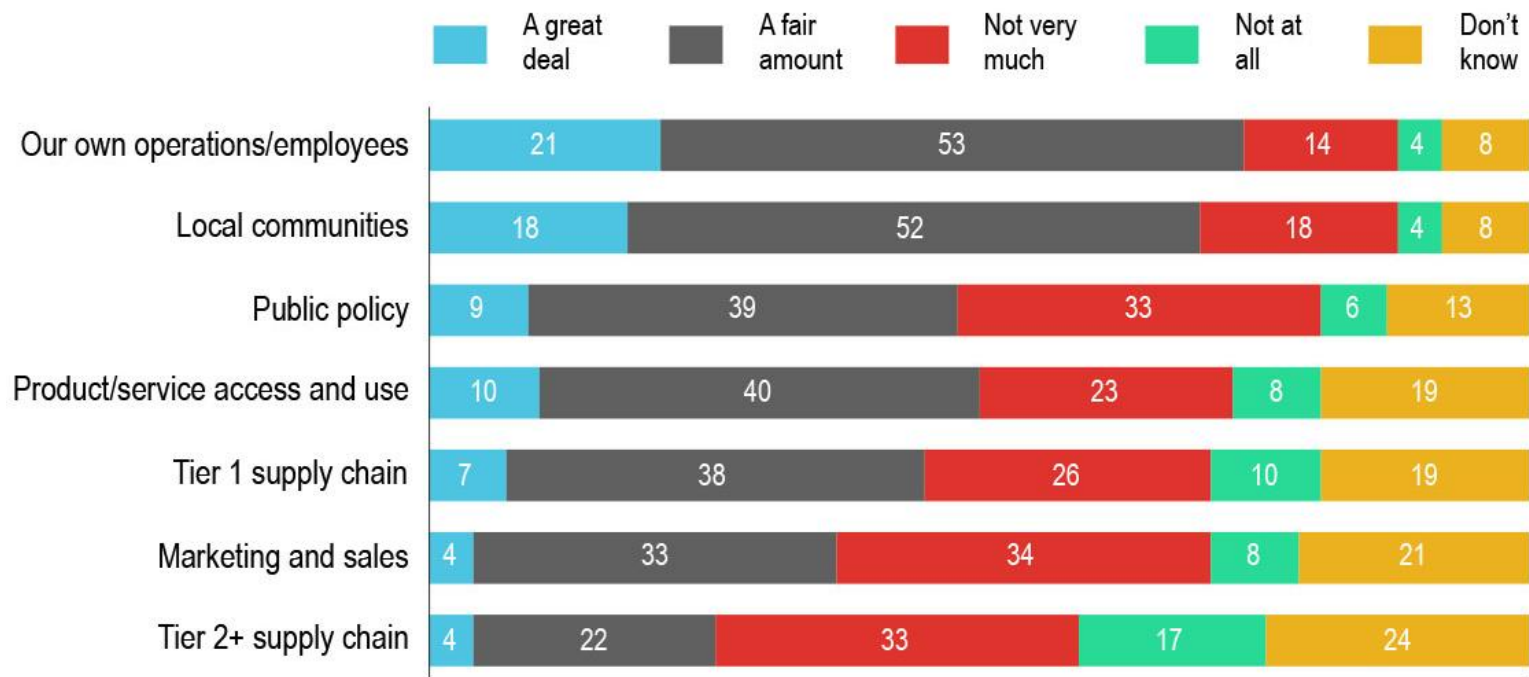


This may not mean that companies are deprioritizing inclusive growth, however. It could indicate a stronger, more purposeful response from companies in 2017 to mega-trends, such as Brexit and the U.S. election.

Q18. How much priority, if any, does your company place on inclusive growth?  
\*(1+2) on a 4-point scale, where 1 is “A great deal” and 4 is “None at all”

## Companies are primarily addressing inclusive growth through their own operations and local communities, with much less focus on supply chain, public policy, or product access.

Focus on Inclusive Growth Activities  
All Company Respondents, 2018



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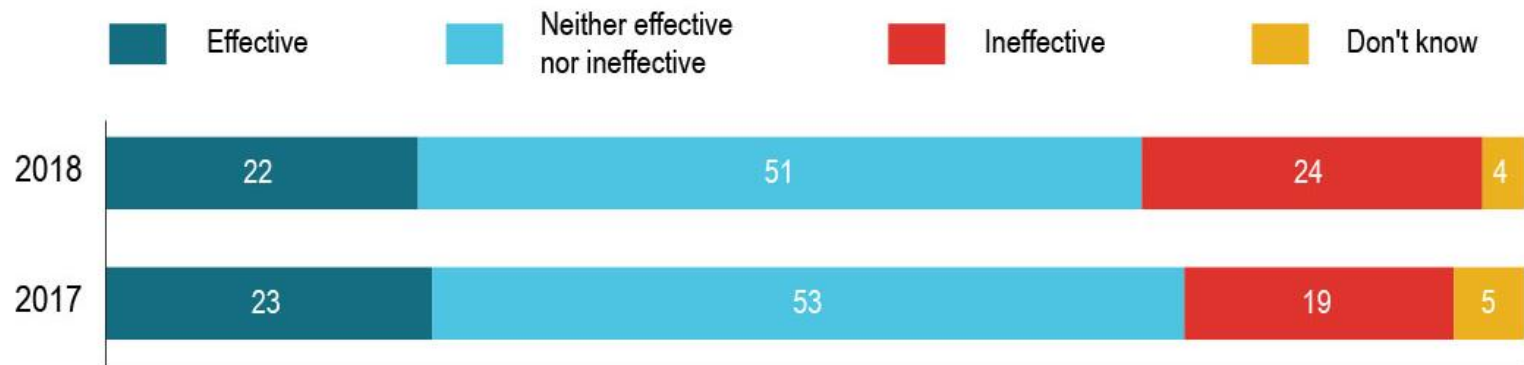
Q19. How much, if at all, does your company focus on inclusive growth through each of the following elements of the value chain?

# Supply Chain



**Only one in five sustainability professionals consider their company's supply chain sustainability efforts to be effective—and since last year, there has been an increase in the number of people finding them ineffective.**

Effectiveness of Supply Chain Management Efforts in Addressing Sustainability Issues  
All Company Respondents, 2018

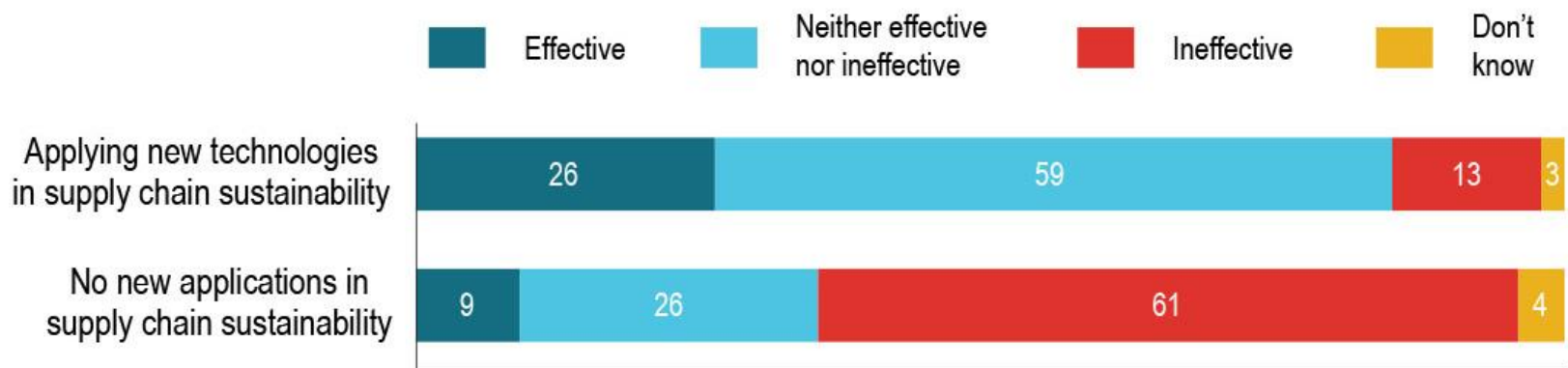


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*Q8. How effective, if at all, do you believe your supply chain management efforts have been in addressing the most critical sustainability issues in your supply chain?*

## Companies that are innovating in supply chain management are much more likely to see their overall efforts as effective.

Effectiveness of Supply Chain Management Efforts in Addressing Sustainability Issues  
Companies Applying New Technologies vs Those that Are Not, 2018



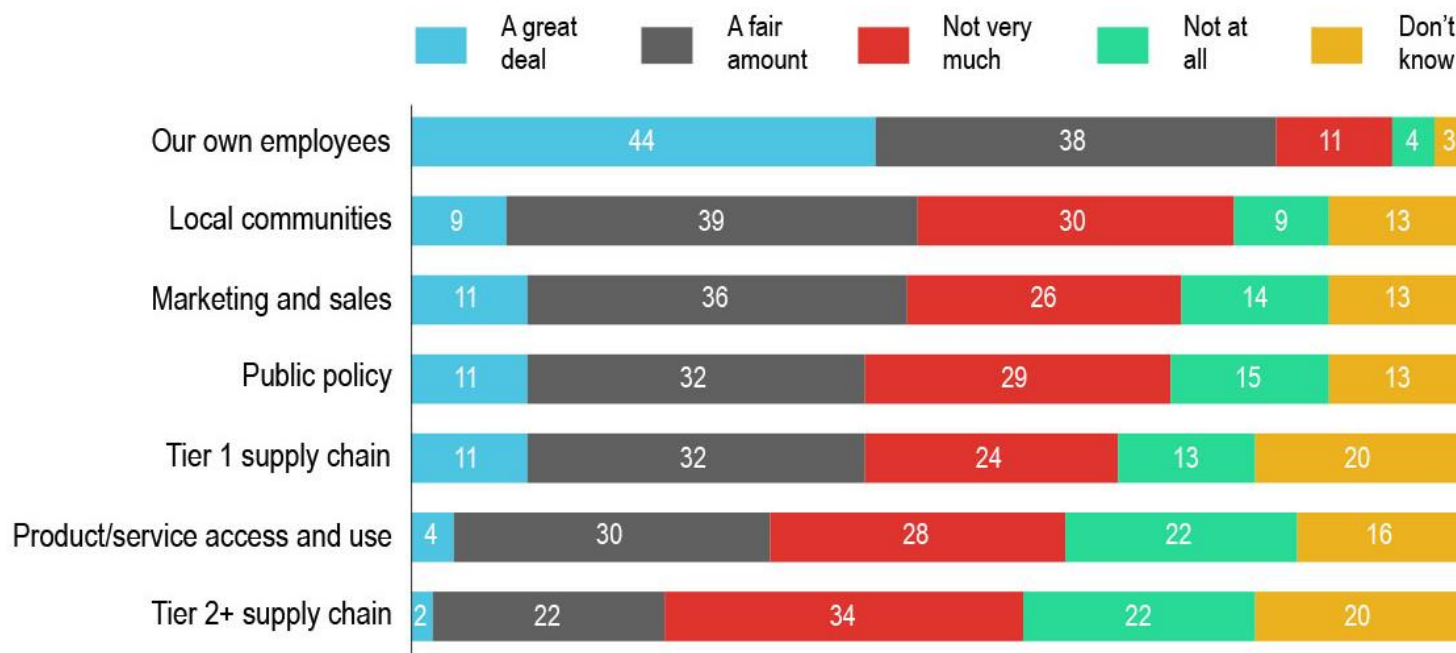
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*Q8. How effective, if at all, do you believe your supply chain management efforts have been in addressing the most critical sustainability issues in your supply chain?*

# Women's Empowerment

# Companies have an opportunity to expand women's empowerment efforts to other segments of the value chain, particularly as women make up a majority of consumers and workers in many global supply chains.

Focus on Women's Empowerment through Value Chain  
All Company Respondents, 2018



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Q14. How much, if at all, does your company focus on women's empowerment through each of the following elements of the value chain?



## Despite increased public attention on gender issues and harassment, four in ten companies report no change in their approach to women's empowerment.

Actions Taken in Response to Women's Empowerment Activism  
All Company Respondents, Total Mentions, 2018



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Q15. In which, if any, of the following ways has the recent surge of global women's empowerment activism (e.g., women's marches, sexual harassment accusations, #metoo) affected change in your approach to women's empowerment?

# Evolution of the Sustainability Function

## Corporate sustainability professionals see the need for resilient business strategies, rather than stand-alone sustainability strategies, that leverage data and technology to create value and respond to mega-trends.

Ways the Sustainability Function Needs to Evolve, Unprompted  
All Company Respondents, 2018

» The sustainability function will be increasingly strategic, resilient, and embedded across departments, rather than serving as a separate function.



« As more companies embrace sophisticated frameworks to progress sustainability (e.g. SDGs), reporting will also need to evolve and become more technologically advanced.

Emerging global challenges will require the sustainability function to become more solutions-oriented and embrace innovation. Environmental threats are top of mind, with many saying that the sustainability function will need to lead in innovating solutions for climate resilience.

*Q1. Thinking about the next 5 years, how do you think the corporate sustainability function will need to evolve in order to effectively respond to emerging global challenges?*

# Questions



# BSR Conference 2018

November 6-8 | New York, New York



## The Leading Event for Collaboration and Action on Sustainable Business

The BSR Conference is one of the most important annual gatherings dedicated to finding solutions to our most pressing global challenges. Industry leaders and decision makers from Fortune 500 companies, as well as leading foundations, nonprofit organizations, and government, gather for unparalleled networking experiences, powerful plenary addresses and breakout sessions, and interactive professional development opportunities. For more information, visit [www.bsr18.org](http://www.bsr18.org).