

The State of Sustainable Business 2019

Results of the 11th Annual Survey of Sustainable Business Leaders
2019



BSR/GlobeScan State of Sustainable Business 2019

Today's speakers



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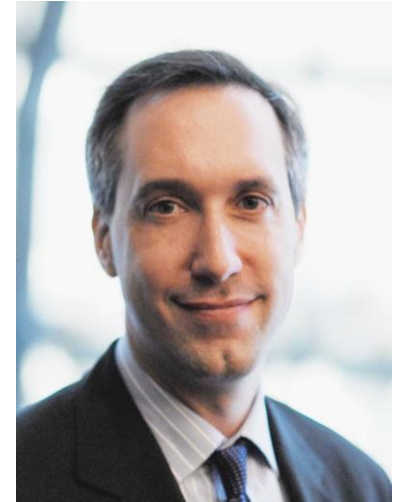


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Agenda

- Research Background
- Sustainability Priorities
- Sustainability Management
- Sustainable Development Goals
- Future Focus
- Focus Areas
 - Supply Chain
 - Climate Change
 - Human Rights
 - Inclusive Economy
 - Women's Empowerment

Research Background

About This Research

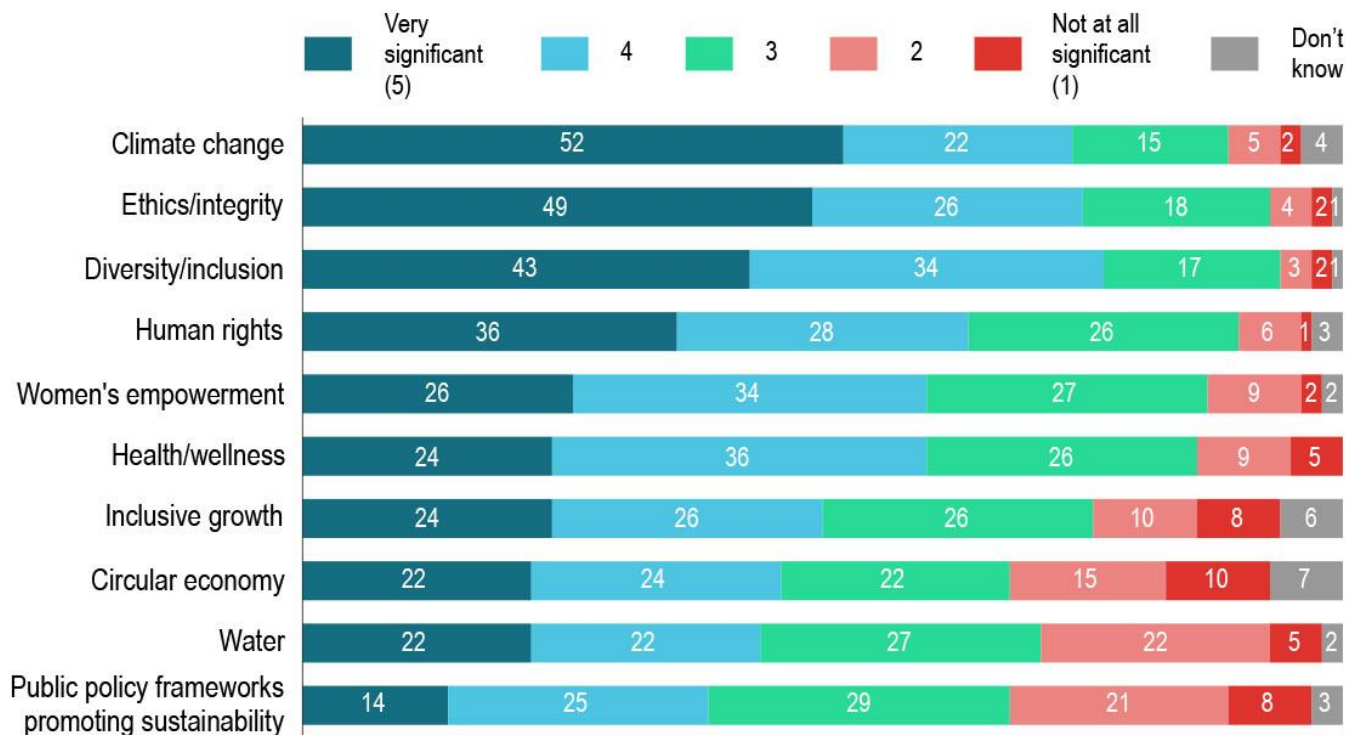
- **The 11th Annual BSR/GlobeScan State of Sustainable Business Survey** provides insight into the world of sustainable business and identifies common perceptions and practices of corporate sustainability professionals.
- In addition to measuring shifting priorities and challenges in corporate sustainability, this year's survey takes a look at the future milestones around which companies are planning their sustainability strategies and what they'll be doing differently.
- To focus on actions of **companies** within the sustainable business community, the research draws from the responses of one sustainability practitioner at each of 125 BSR member companies who participated.
- The survey was fielded fully online among the BSR member network, with responses collected between June and September 2019. All data analysis was managed independently by GlobeScan.

Sustainability Priorities

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

Corporate Sustainability Priorities over Next 12 Months

All Company Respondents, 2019



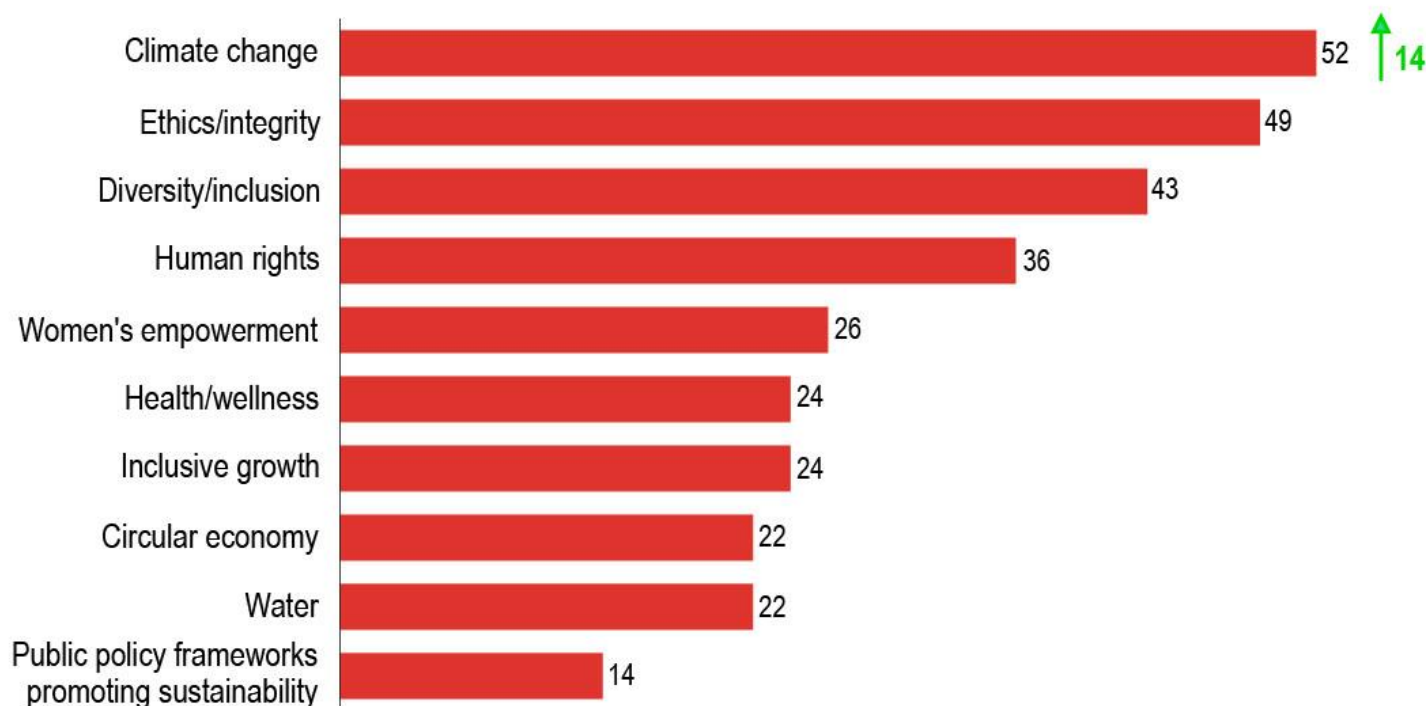
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Q1. When you think about the focus of your company's sustainability efforts in the next 12 months, how much of a priority is each of the following issues? Please use a 5-point scale where 1 is "not at all a priority" and 5 is "a very significant priority."

While the top four priority areas remain the same, the intensity around climate change as a priority has increased.

Corporate Sustainability Priorities over Next 12 Months, “Very Significant Priority”

All Company Respondents, 2019



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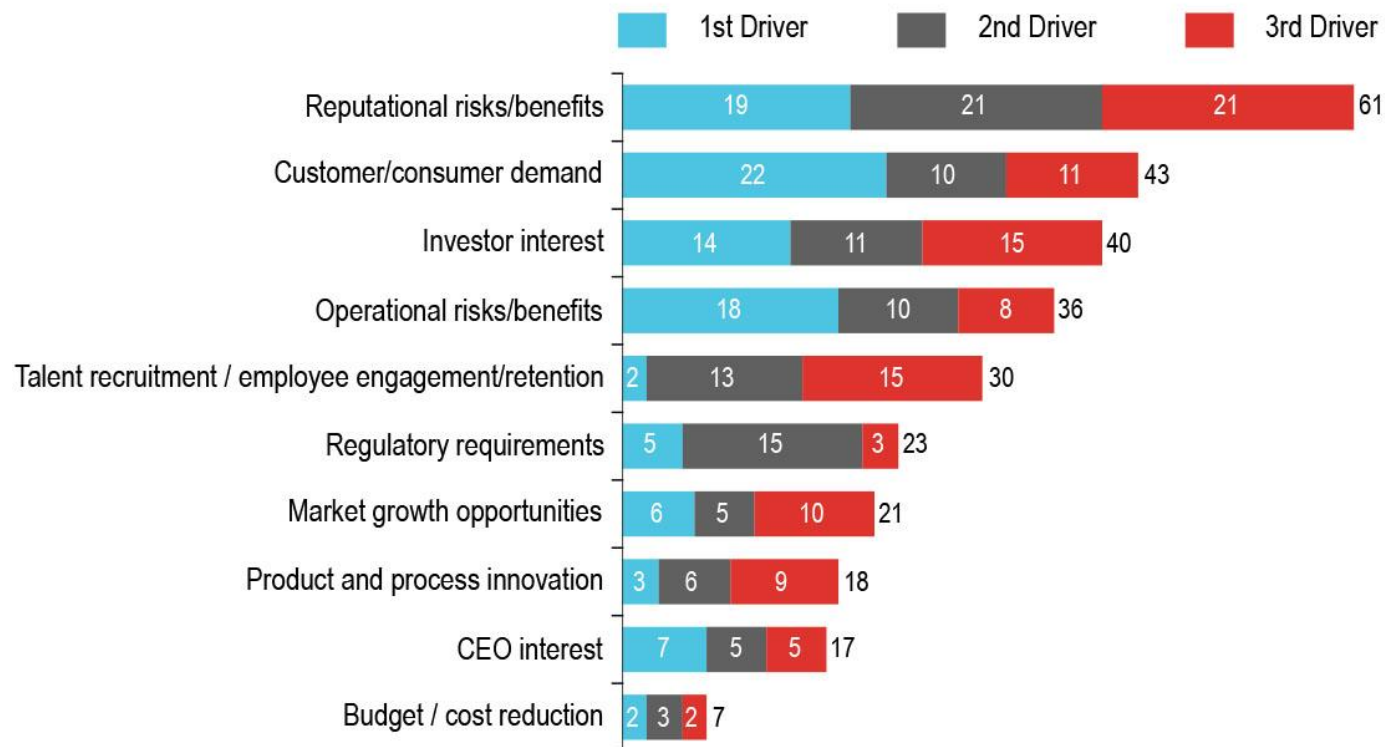
Q1. When you think about the focus of your company's sustainability efforts in the next 12 months, how much of a priority is each of the following issues? Please use a 5-point scale where 1 is "not at all a priority" and 5 is "a very significant priority."

Sustainability Management

Reputation remains the most powerful driver of sustainability efforts, followed by consumer/customer demand, while investor interest has increased.

Drives of Sustainability Efforts, Top Mentions, Ranked

All Company Respondents Identifying Issue as a Top-three Driver, Combined, 2019



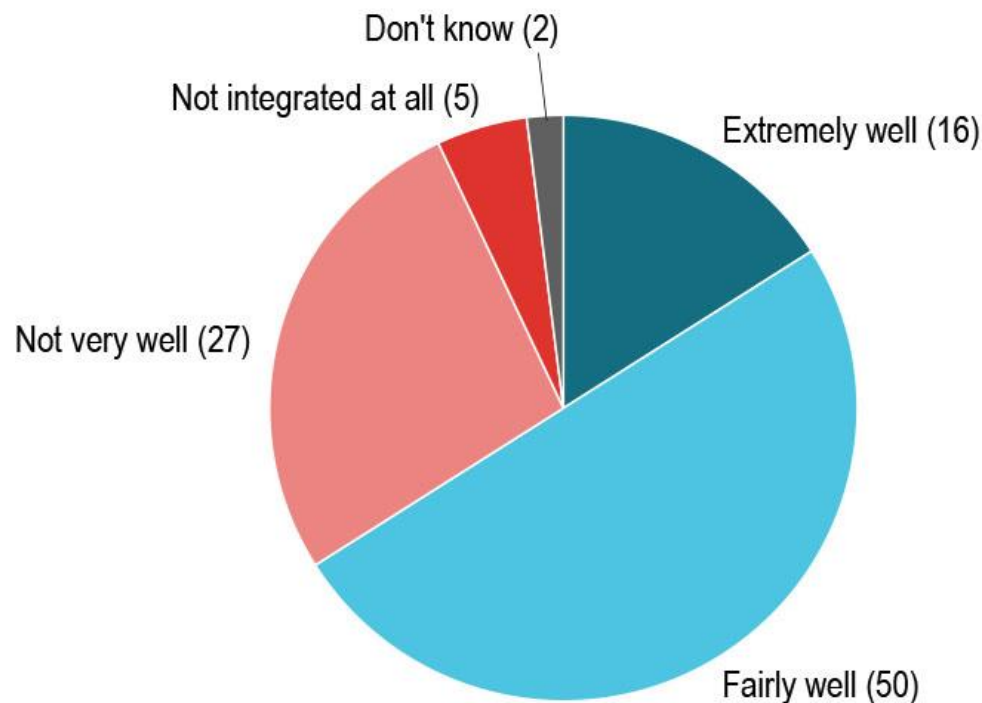
BSR19_2

Q2. Which of the following are the most important drivers for your company's sustainability efforts? (From the list below, please identify the three most important drivers and then rank them by clicking on each statement according to your preference, with 1 being the "most important.")

While sustainability is reported to be at least fairly well integrated in two-thirds of companies, this has not changed since 2016.

Perceptions of Sustainability Integration, 2019

(Percentage of Company-level Respondents)



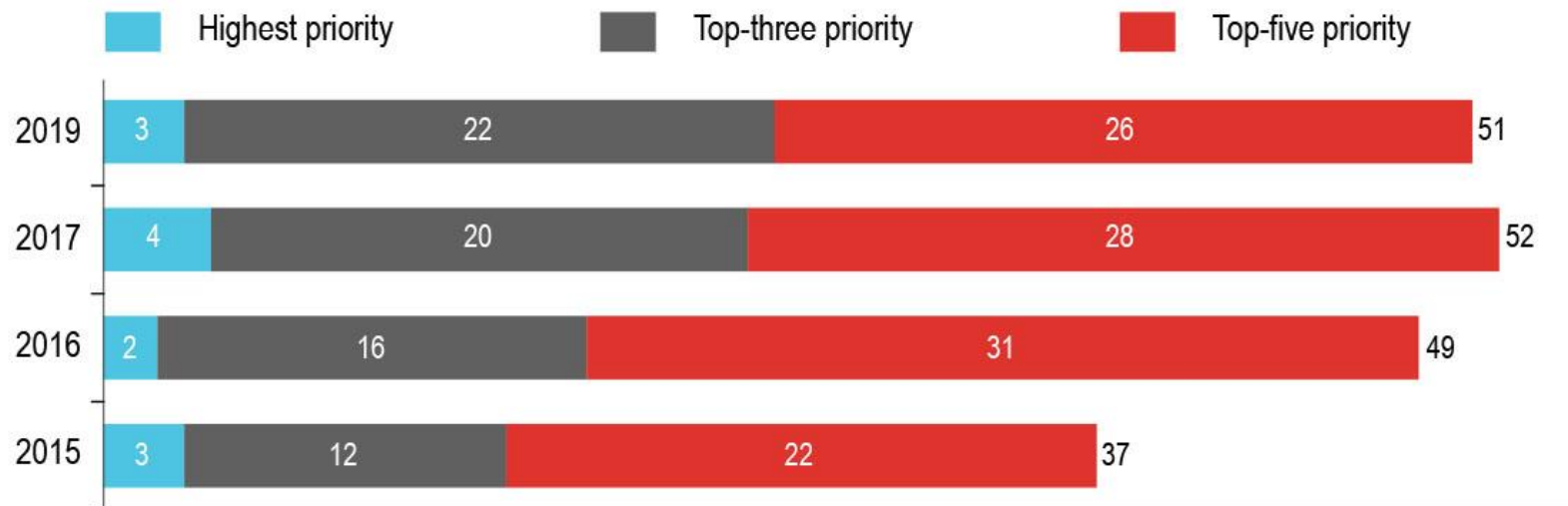
BSR19_3

Q3. How well do you believe sustainability is integrated into the core of your business?

After steadily rising as a priority for CEOs, there appears to be a plateauing in the proportion of companies where sustainability appears as a top-five priority.

CEO Corporate Agenda Priorities, 2019

(Percentage of Company-level Respondents)



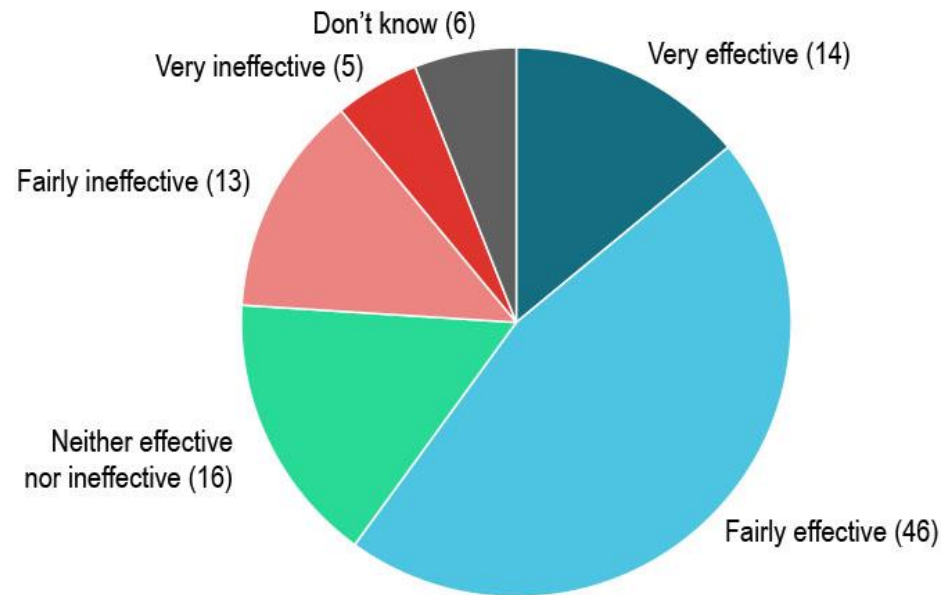
BSR19_5

Q5. In considering your CEO's involvement with sustainability, where do you believe sustainability falls on his or her corporate agenda? (Please select one.)

Six in ten companies believe that they have been at least fairly effective in communicating sustainability efforts to their stakeholders.

Effectiveness of Communicating Sustainability to Stakeholders

All Company Respondents, 2019



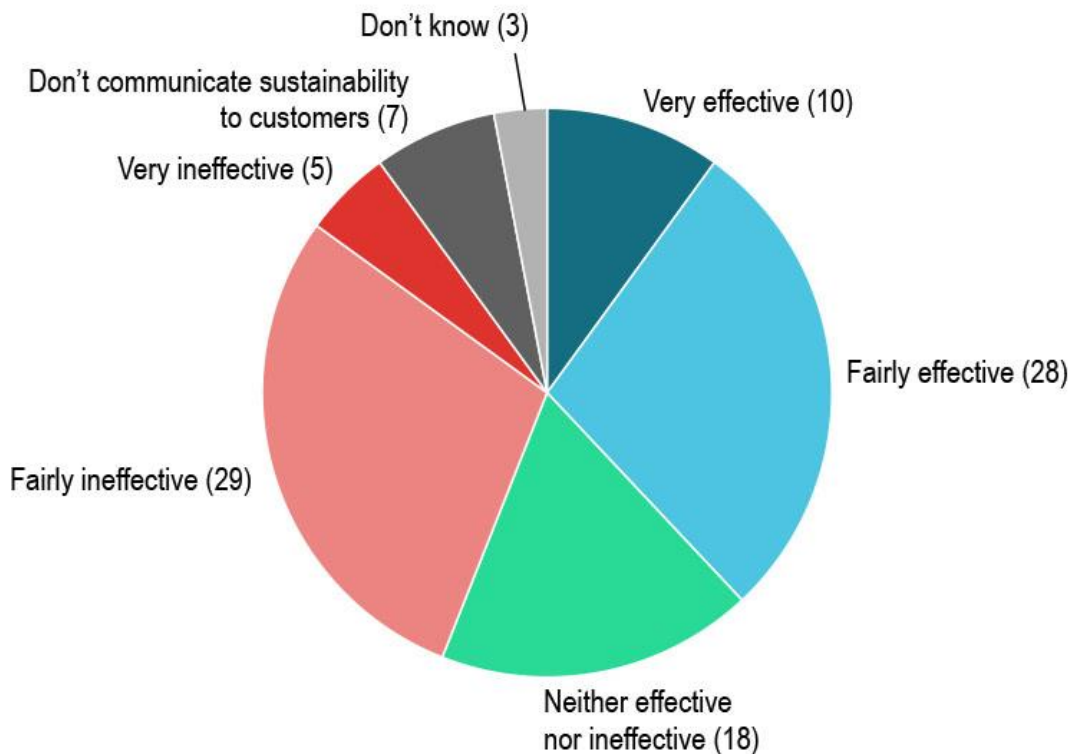
BSR19_7

Q7. Over the past five years, how effective, if at all, has your company been in engaging stakeholders on your sustainability strategy and activities?

While four in ten companies report success in communicating sustainability to customers/consumers, many struggle with this challenge.

Effectiveness of Communicating Sustainability to Customers/Consumers

All Company Respondents, 2019



Q6. To date, how effective, if at all, has your company been in communicating your sustainability story to your customers/consumers?

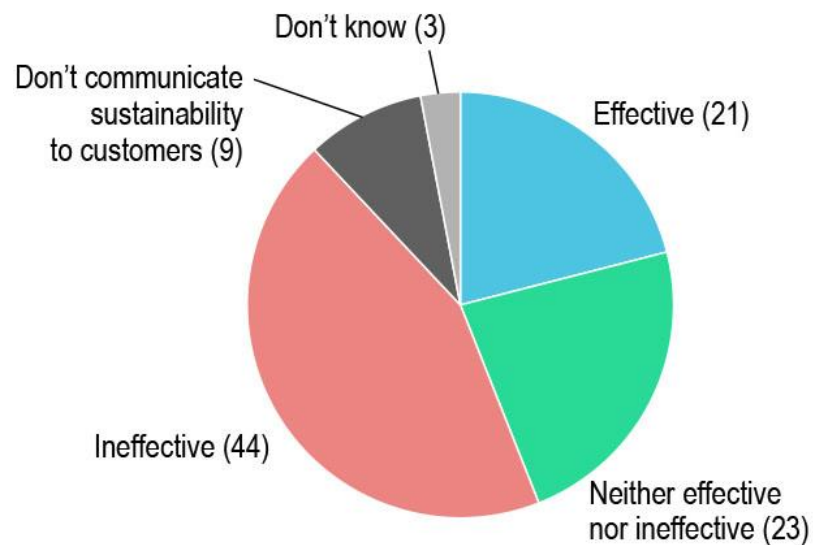
BSR19_6

The challenge of communicating appears to be most pronounced among those in consumer-facing sectors vs other customer-facing companies.

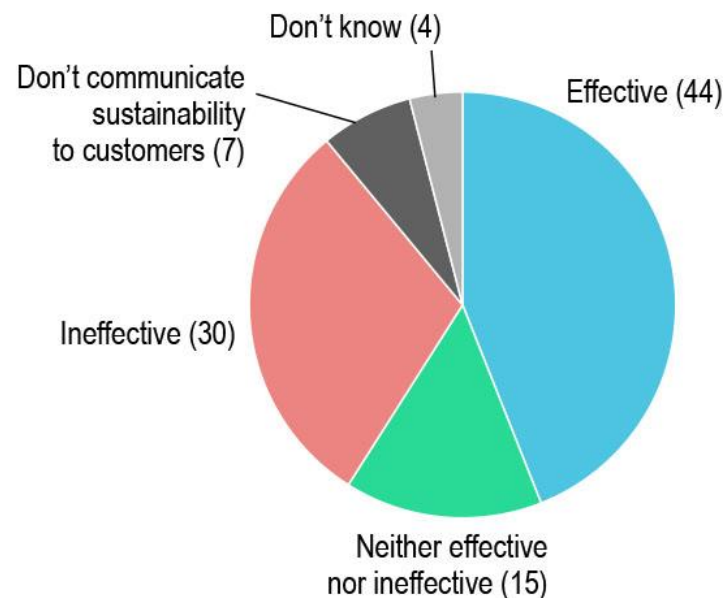
Effectiveness of Communicating Sustainability to Customers/Consumers

All Company Respondents, by Sector, 2019

Consumer-Facing Sectors



Other Sectors



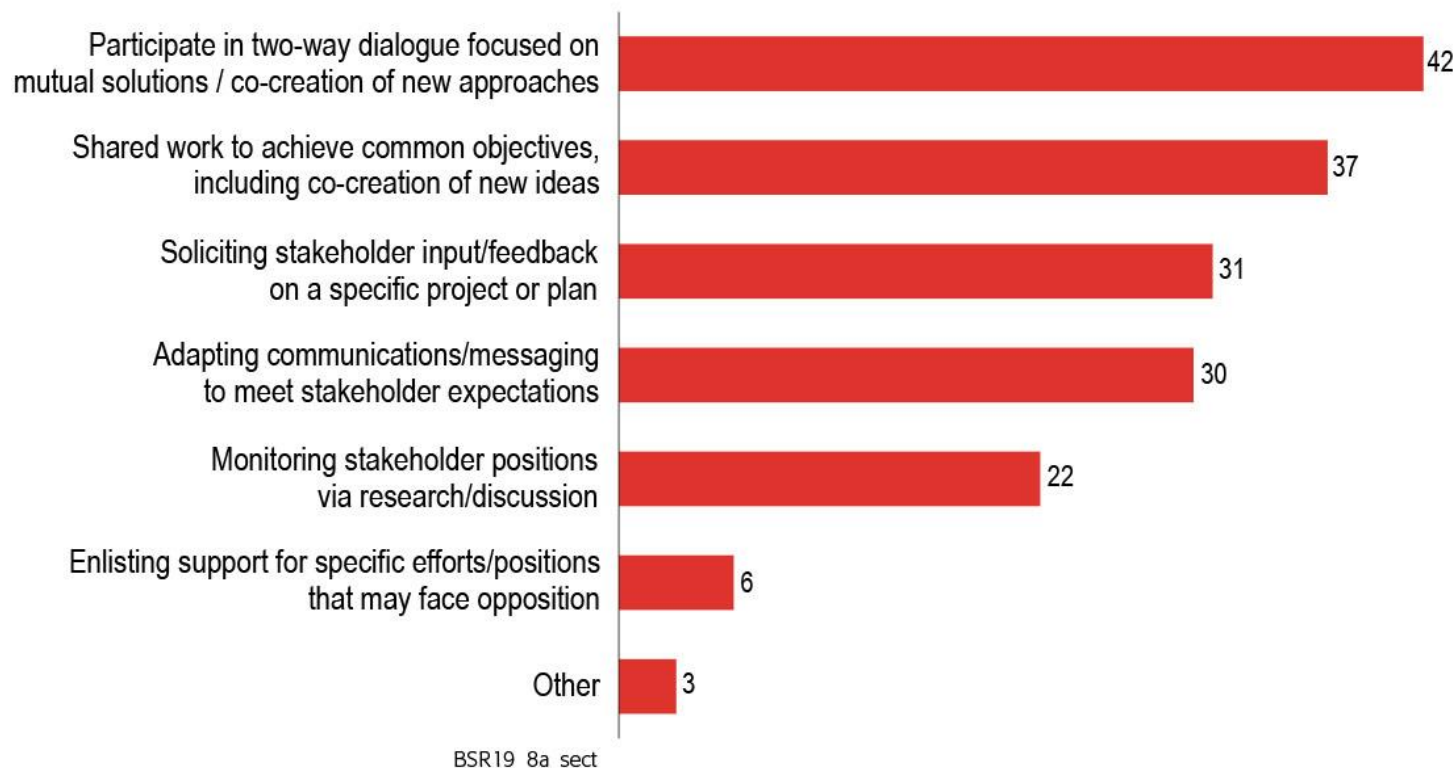
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Q6. To date, how effective, if at all, has your company been in communicating your sustainability story to your customers/consumers?

The most important way companies are engaging their stakeholders on their strategy is to engage in two-way dialogues on shared challenges.

Important Approaches for Engaging Stakeholders

All Company Respondents, 2019

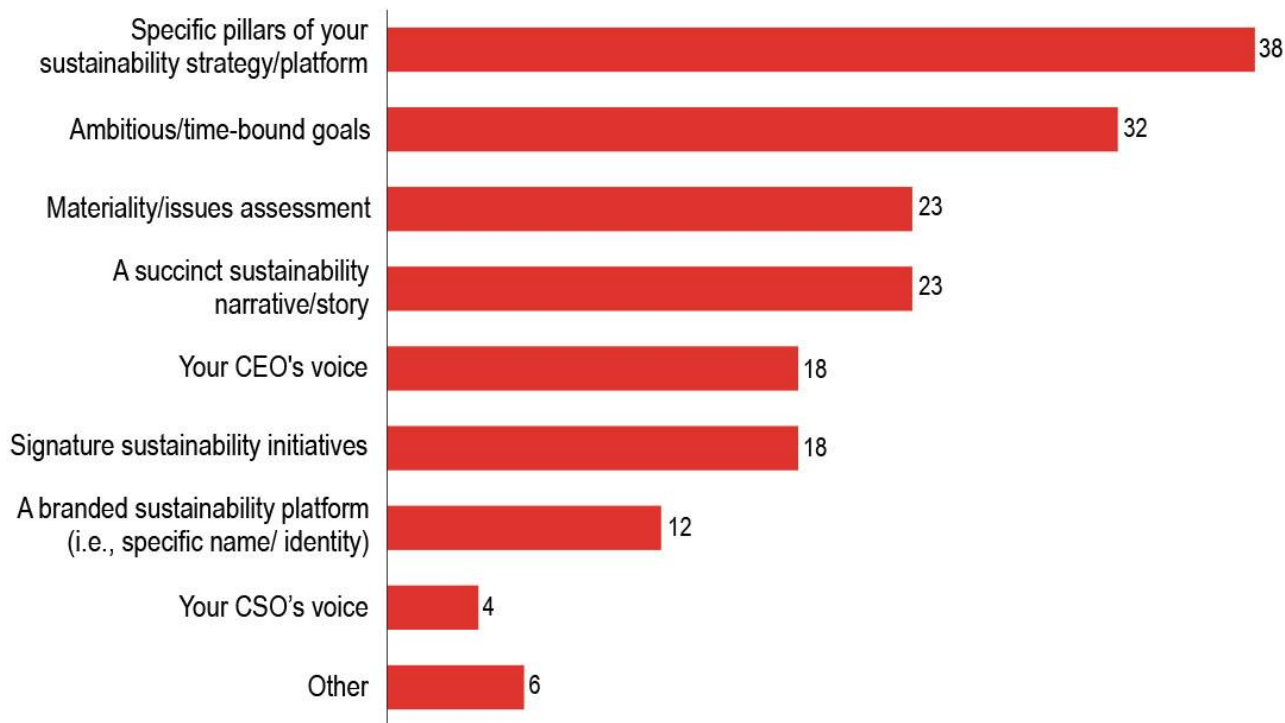


Q8a. Which, if any, of the following are most important for your company's approach to engaging stakeholders on your sustainability strategy? (Select up to two.)

Having specific pillars of a sustainability platform is the most important way for companies to communicate their strategy, followed by ambitious goals.

Important Ways for Communicating Sustainability Approach

All Company Respondents, 2019



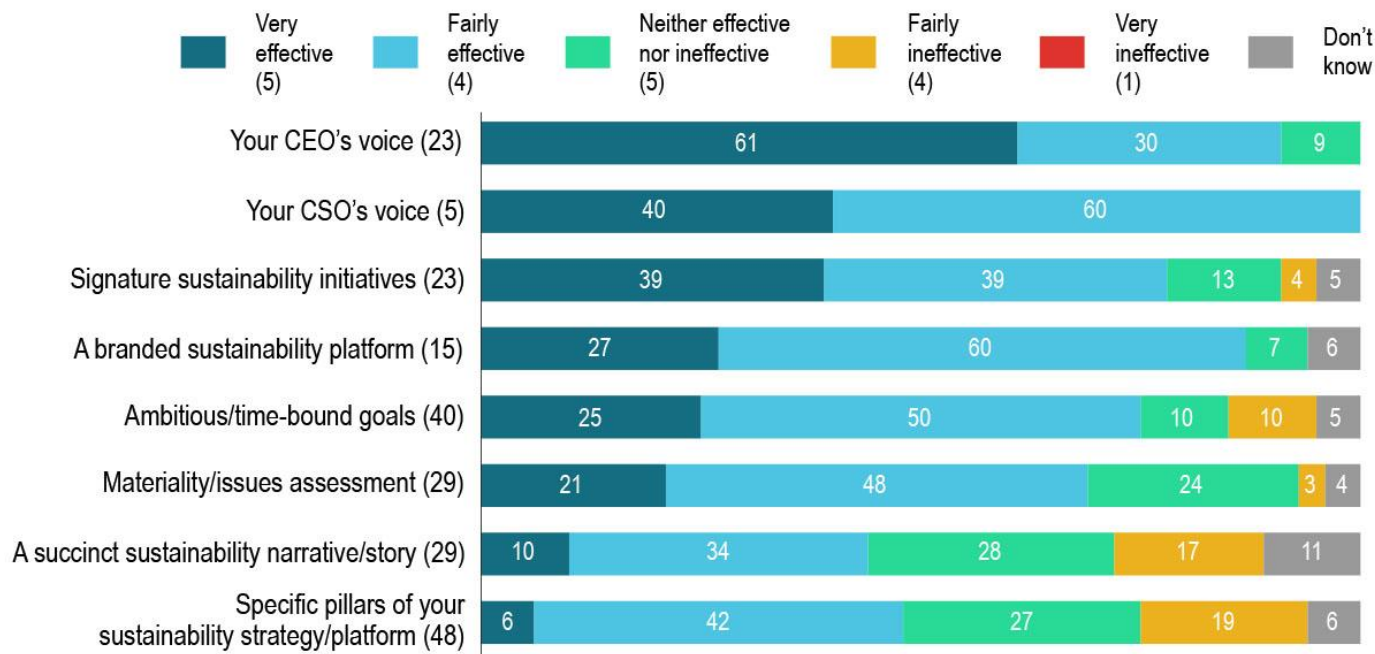
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Q8b. Which, if any, of the following are the most important ways in which your company communicates its sustainability approach/strategy? (Select up to two.)

While fewer selected them as important, the voice of the CEO, CSO, signature initiatives, and a branded platform are reported to be the most effective communication tools.

Effectiveness in Communicating Sustainability Approach

All Company Respondents, 2019



Base size for each item (n) shown in brackets

BSR19_9_sect

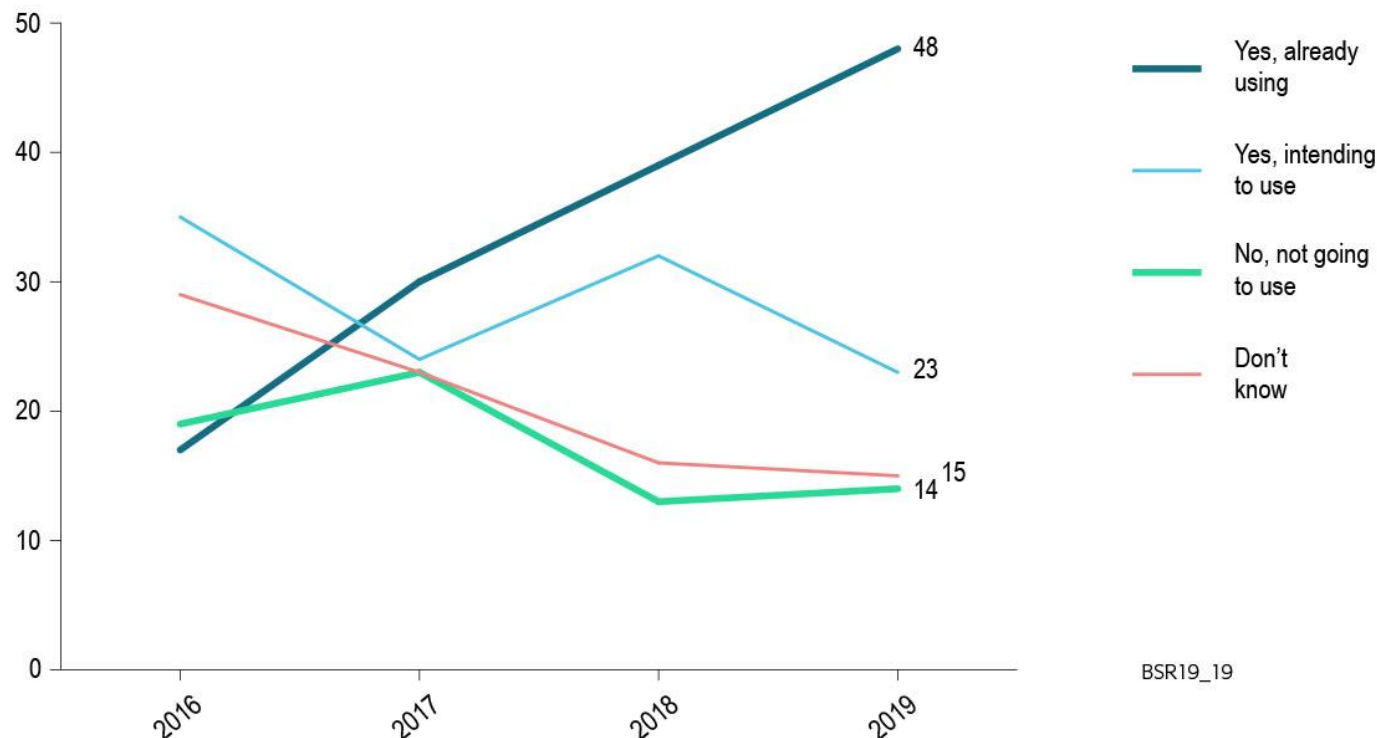
Q9. Please rate how effective your company has been over the past five years in communicating with your stakeholders through each of the following.

Sustainable Development Goals

Almost half of companies are using the SDGs to help set corporate performance targets, with around a quarter intending to use them.

Corporate Adoption of SDGs to Inform Target-setting

All Company Respondents, 2016–2019



BSR19_19

Q19. Is your company already using or intending to use the UN Sustainable Development Goals to set corporate performance targets?

Climate action, responsible consumption, decent work, gender equality, and economic growth get the most corporate attention. Significantly fewer companies are committing to reduce inequalities and ending poverty.

Commitments toward Sustainable Development Goals

All Company Respondents, Total Mentions, 2019



Q20. Toward which, if any, of the UN SDGs is your company pledging commitments?

Too early to say: 15%
Don't know: 4%
None: 0%

Future Focus

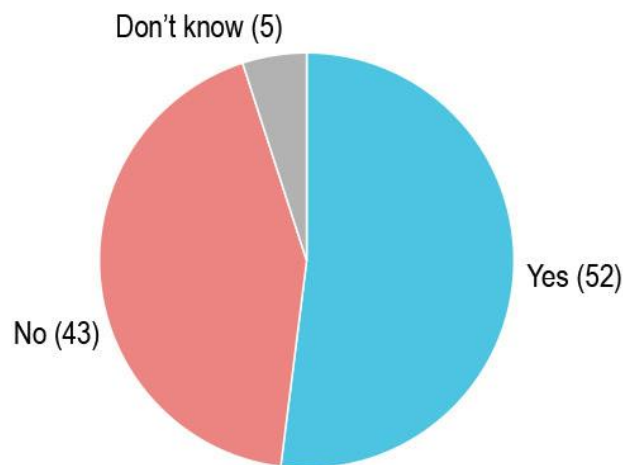


Over half of companies have 2020 as an end date or milestone for their sustainability strategy. Over eight in ten report being at least fairly successful in realizing their 2020 ambitions.

2020 Milestone and Realization of Strategy

All Company Respondents, 2019

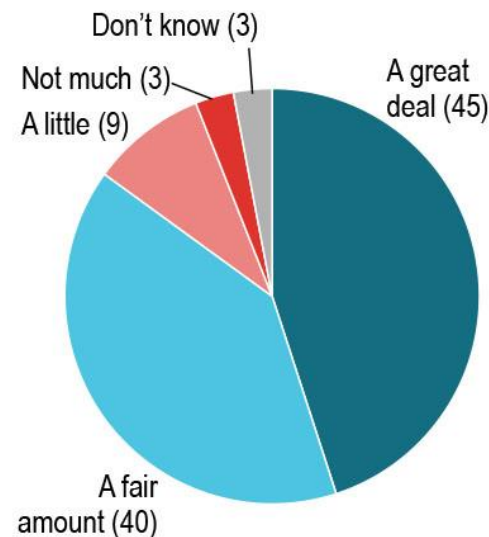
2020 as end date or milestone



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Q24. Did or does your company have a sustainability strategy with 2020 as an end date or milestone?

Successful realization of ambitions of 2020 strategy

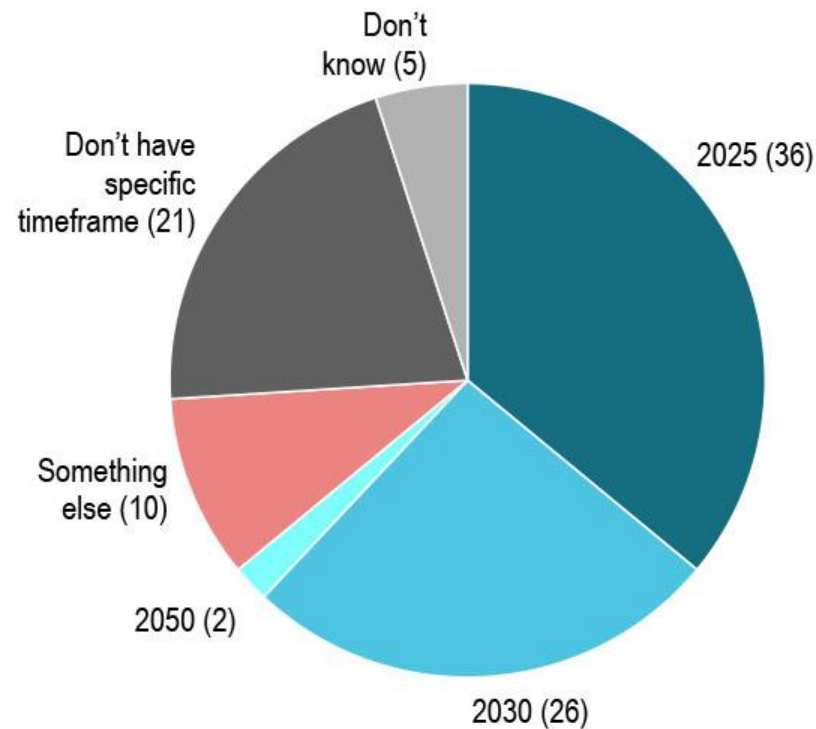


Q25. How successful, if at all, has your company been in realizing the ambitions of your 2020 strategy?

Moving beyond 2020, some companies are orientating toward 2025, while others are looking further ahead at 2030.

Next Major Milestone for Sustainability Strategy

All Company Respondents, 2019

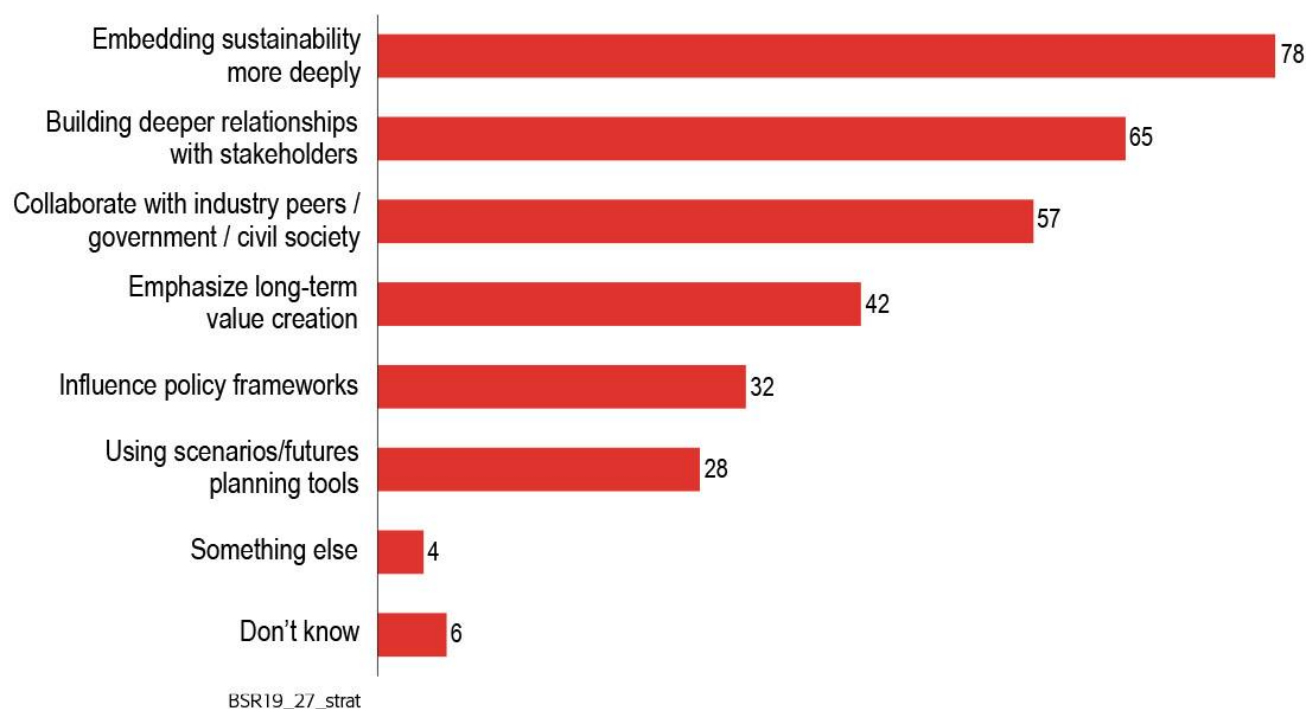


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Moving beyond 2020, a majority of companies are looking to embed sustainability more deeply in the organization and drive better collaborative relationships.

Strategic Planning for Sustainability Beyond 2020

All Company Respondents, 2019



Q27. As we move beyond 2020, in what ways is or will your company be doing strategic planning for sustainability differently than it did previously? (Select up to two.)

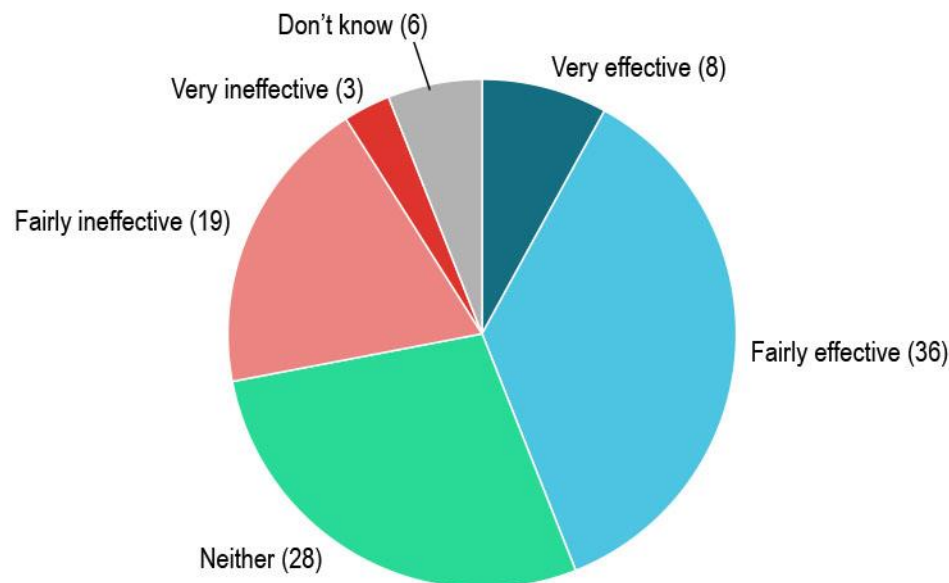
Focus Areas



SUPPLY CHAIN: Only just over four in ten believe that their supply chain efforts have been effective in addressing sustainability issues. However, half of respondents are relatively unhappy with the results of their efforts.

Effectiveness of Supply Chain Management Efforts in Addressing Sustainability Issues

All Company Respondents, 2019



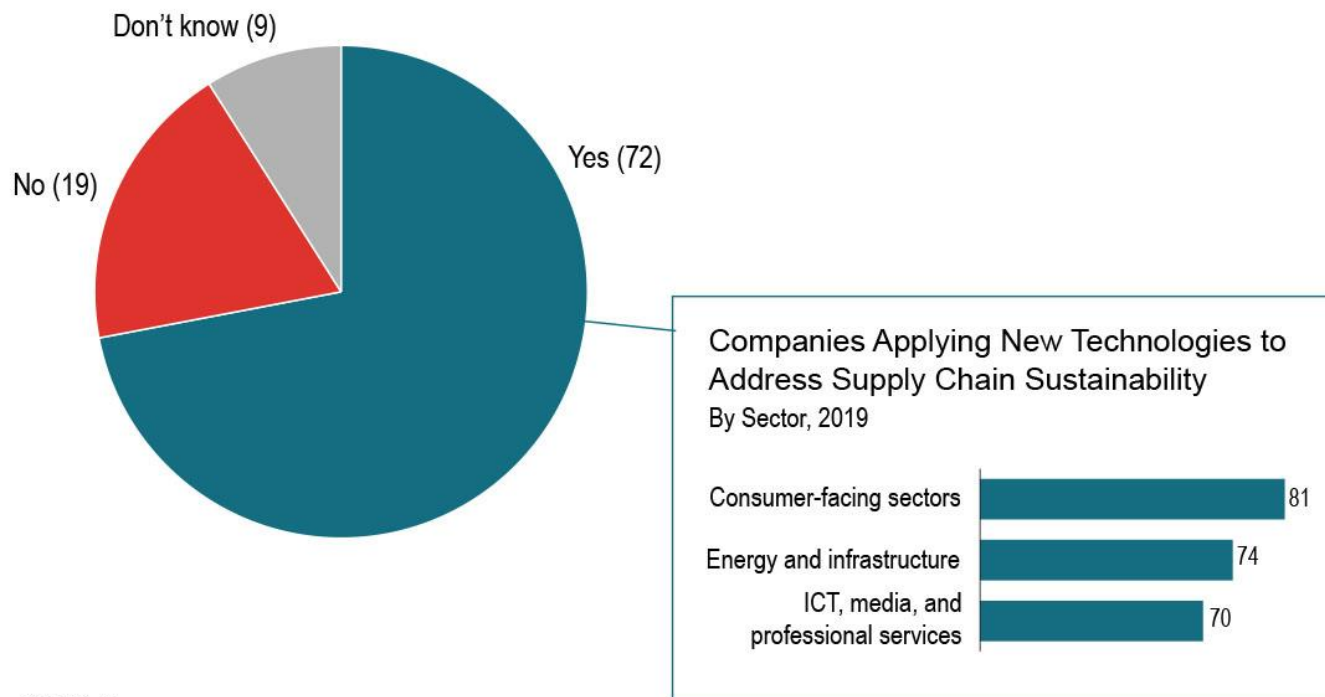
BSR19_10

Q10. 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?

SUPPLY CHAIN: Nearly three-quarters of companies are applying new technologies or innovative approaches to address supply chain sustainability, the same level as seen in 2018.

Companies Applying New Technologies to Address Supply Chain Sustainability

All Company Respondents, 2019



BSR19_11

Q11. Compared with three years ago, is your company applying **new** technologies or approaches to address sustainability in your supply chain?

SUPPLY CHAIN: It is clear that companies that are innovating in supply chain management are much more likely to see their overall efforts as being effective.

Effectiveness of Supply Chain Management Efforts in Addressing Sustainability Issues

Companies Applying New Technologies vs Those that Are Not, 2019



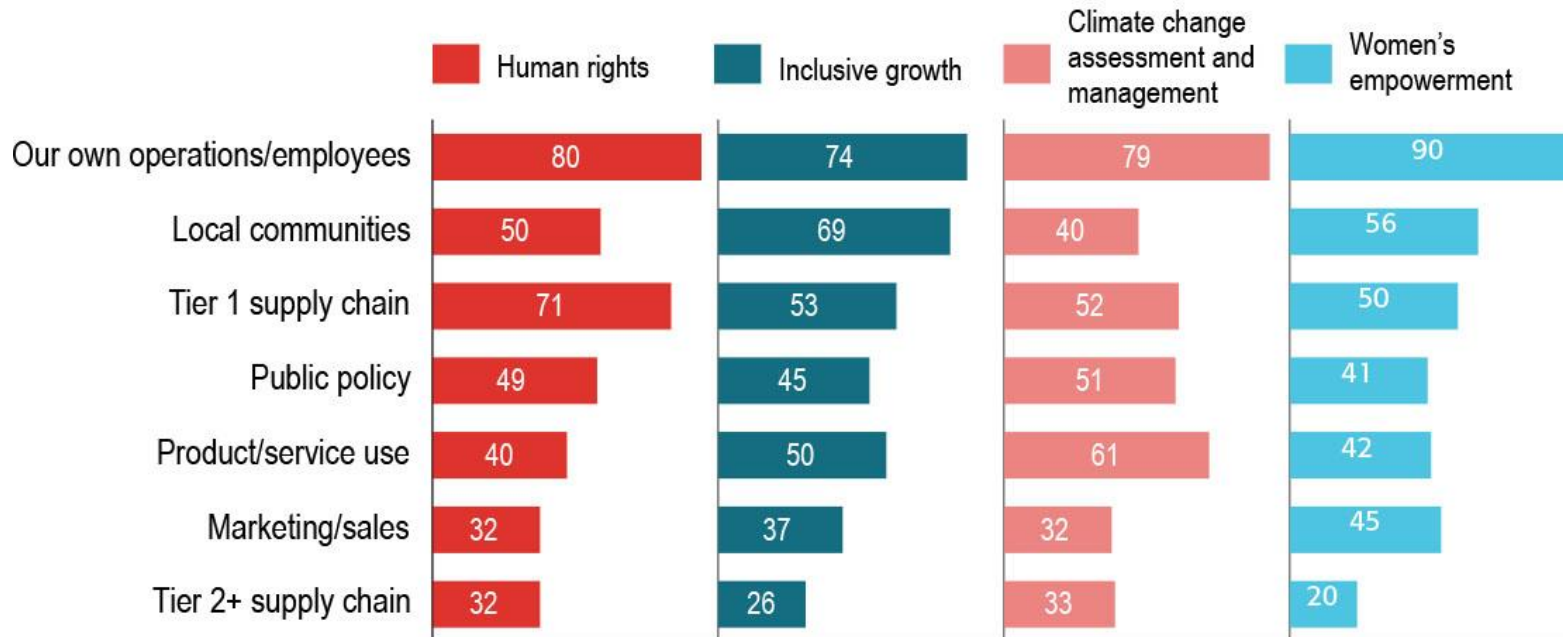
BSR19_10-11

Q10. 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?

SUPPLY CHAIN: Most companies focus their activities on operations/employees, but few pay broad 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*, 2019



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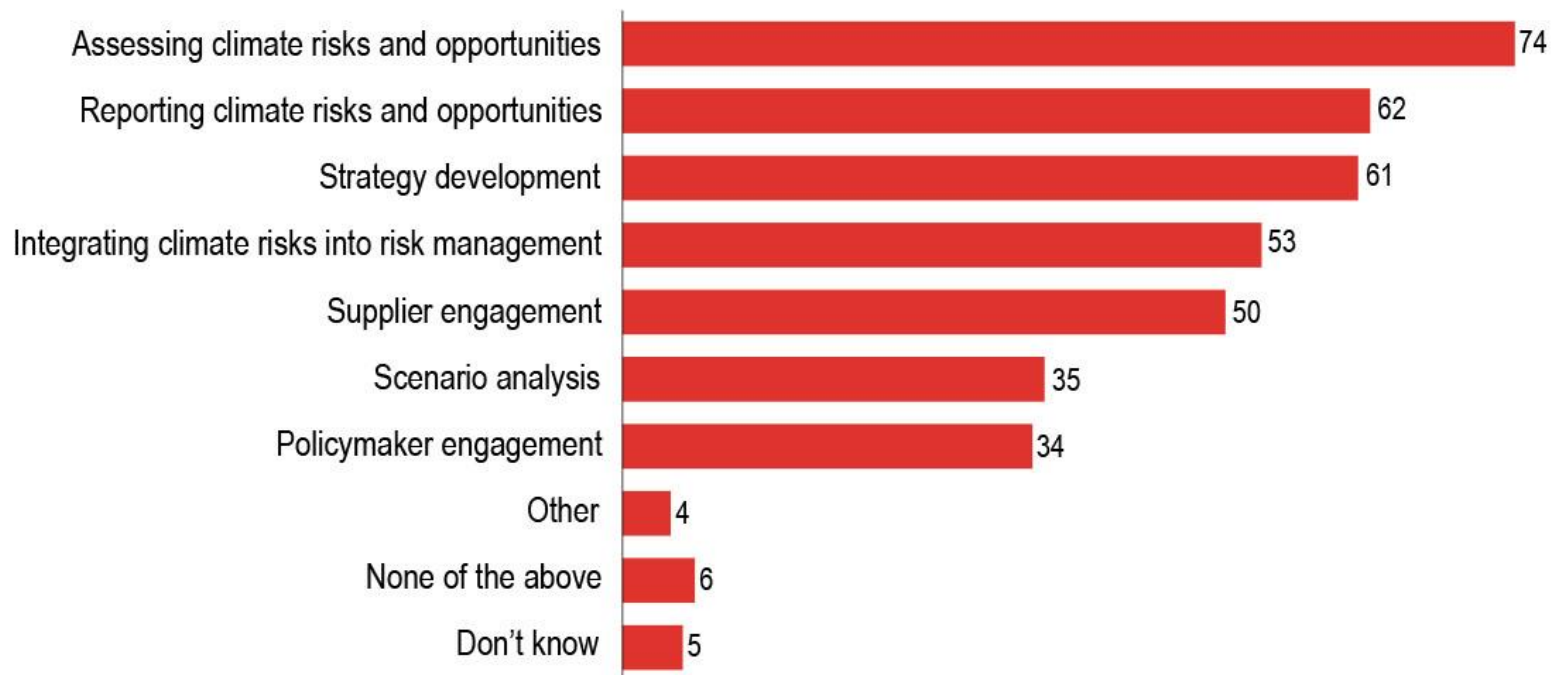
*"A lot" + "A fair amount"

Q. 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: Most companies assess climate risks and opportunities. Many are addressing them through strategy, risk management, and supplier engagement processes.

Actions Completed or Currently Underway to Mitigate Climate Risks and Impacts

Percentage of All Company Respondents Identifying Each Action, Total Mentions, 2019



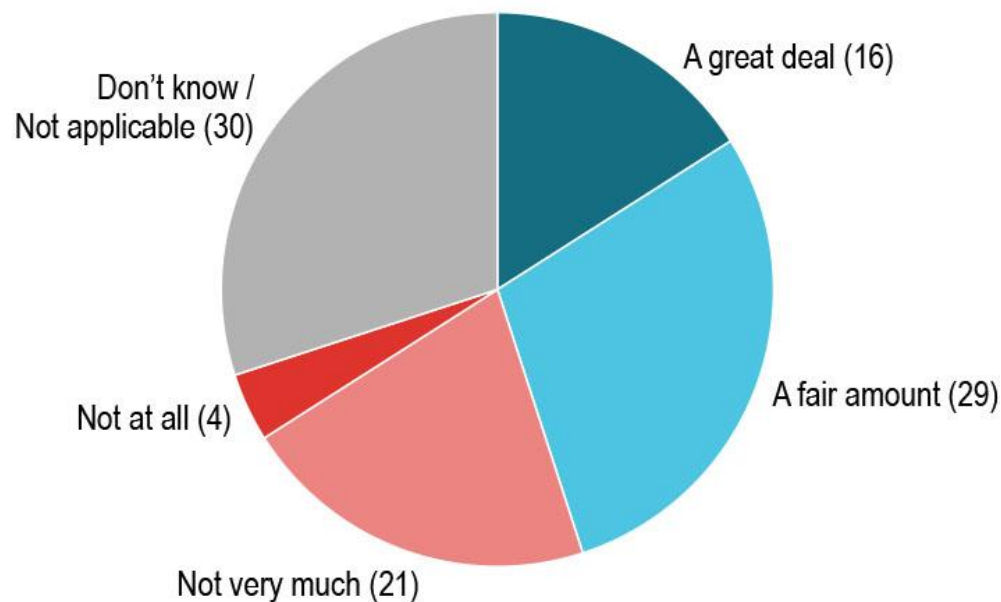
BSR19_15

Q15. What activities have your company completed, or are currently undertaking, to build resilience to climate risks and impacts?

HUMAN RIGHTS: While just over four in ten believe that disruptive technology will affect their company's human rights impacts, almost a third do not know or do not believe that it is applicable to them.

Disruptive Technology Impact on Human Rights

All Company Respondents, Total Mentions, 2019



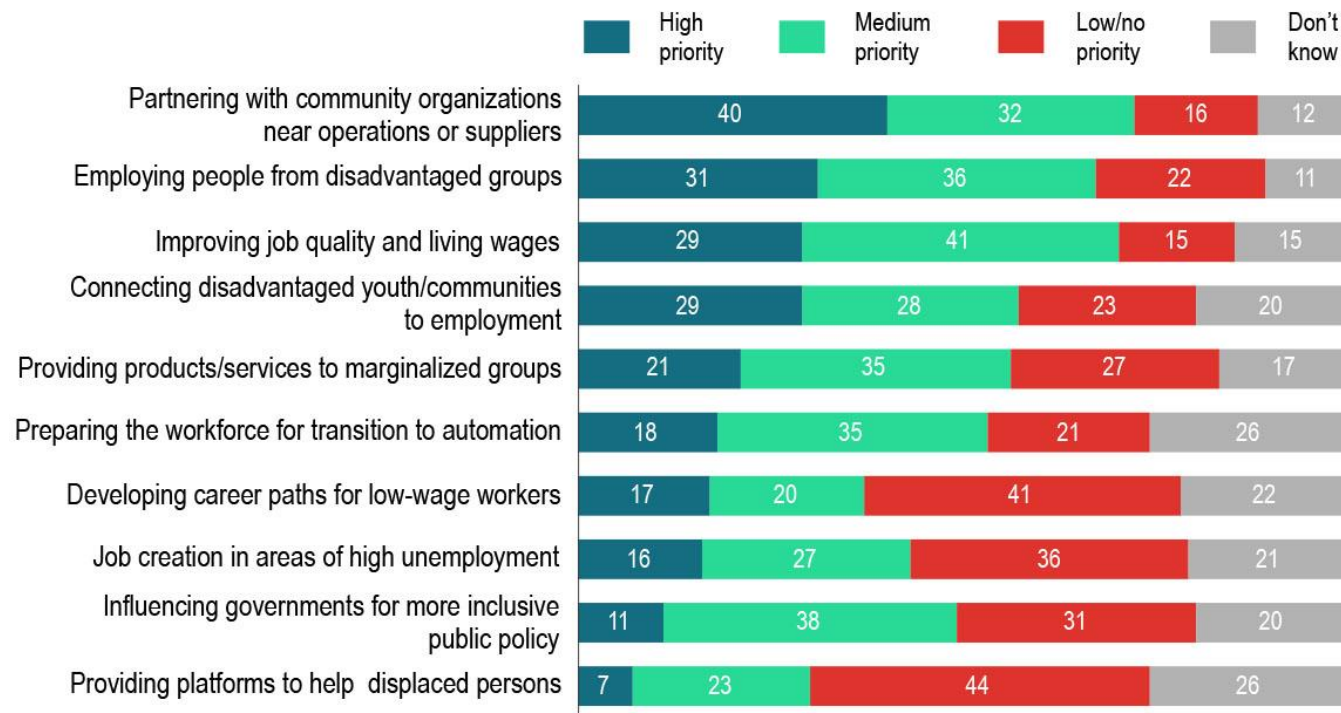
BSR19_12a

Q12a. Over the next 5 years, to what extent, if at all, will disruptive technology, such as artificial intelligence, internet of things, and blockchain change your company's human rights impacts?

INCLUSIVE ECONOMY: There is at least a medium priority being placed on employing people from disadvantaged groups, but job creation in areas of high unemployment remains a lower priority.

Inclusive Growth Priorities

All Company Respondents, 2019



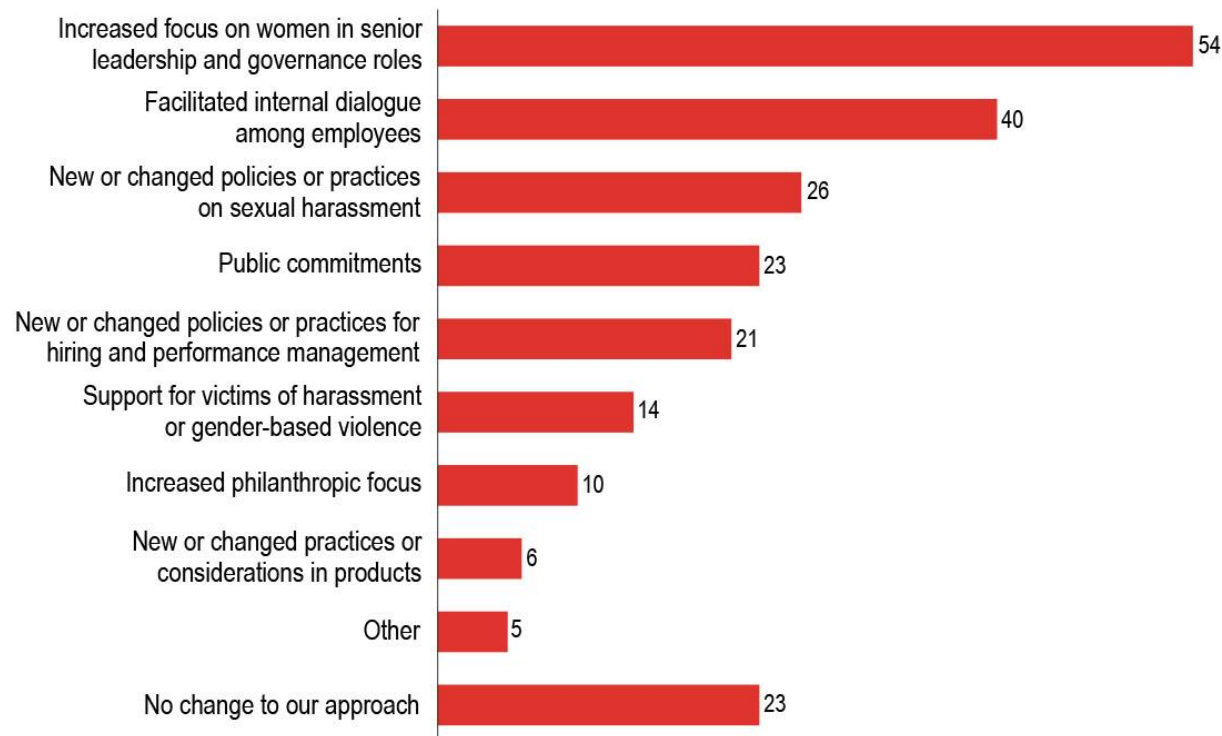
BSR19_23

Q23. How much of a priority, if at all, will the following issues be for your company's inclusive growth work over the coming year?

WOMEN'S EMPOWERMENT: Fewer businesses are saying that there has been “no change to our approach” in 2019 and slight increases across different actions.

Actions Taken in Response to Women's Empowerment Activism

All Company Respondents, Total Mentions, 2019



BSR19_18

Q18. 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?

Questions

