

The State of Sustainable Business 2015

Annual Results
September 2015



evidence and ideas. **applied**



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The Business of a Better World

Contents

About the Research	3
Sample and Methodology	5
Key Findings	7
Tracking Corporate Sustainability Priorities	8
Views on the State of Sustainable Business	11
Climate Change	15
Inclusive Economy	20
Supply Chain	23
Human Rights	26
Circular Economy	28
Corporate Sustainability in Practice	30

About the Research

- **The annual BSR/GlobeScan State of Sustainable Business Survey** (now in its seventh year) provides insights into the world of sustainable business and aims to identify common perceptions and practices of corporate sustainability professionals. The 2015 survey offers unique insights on how companies are implementing sustainability goals, strengthening business resilience, and contributing to global development and climate change agendas. In addition to capturing the views of sustainability professionals, this year's survey underscores how well sustainability is being incorporated into company practices and decision-making.
- This year, we benefit from **the perspectives of more than 400 experienced professionals representing nearly 200 companies**. Collectively, this is a **highly informed group of corporate professionals** on the leading edge of sustainable business. Their views provide deep insight into the current state of sustainable business and future opportunities and challenges in the landscape of business and society.

About the Research (2)

- Of 250 total BSR member companies, we had responses from key sustainability professionals in almost 200 companies, representing 77 percent of BSR member companies.
- In total, 440 sustainability professionals from 196 of today’s largest and most influential multinational companies provided their insights for this research.
- In an effort to identify adoption of specific sustainability practices by BSR member companies, this report examines responses on two levels: “**All Respondents**” and “**Company-Level Respondents**,” as outlined below.

Response Base	Sample Included	Response Count
All Respondents	Full sample of sustainability professionals providing their perceptions and industry insight	440
Company-Level Respondents	Sample consisting of one response per company , based on main points of contact with BSR	196

- The BSR/GlobeScan State of Sustainable Business Poll 2015 was conducted between June 10 and August 14, 2015. Unless otherwise noted, figures in charts and graphs refer to percentage of respondents.

Sample Breakdown: All Respondents

- Throughout this report, slides referring to “All Respondents” draw insights from the full sample of sustainability professionals.
- The sample population was comprised of representatives from businesses across Africa, Asia/Pacific, Europe, Latin America, and North America.

Industry Sector	Consumer Products/Retail	31%
	Energy and Extractives	15%
	Information and Communications Technology	14%
	Healthcare	11%
	Food, Agriculture, and Beverage	8%
	Financial Services	8%
	Transportation and Logistics	5%
	Heavy Manufacturing	2%
	Media and Entertainment	1%
	Travel and Tourism	<1%
	Other	4%

Job Level	Vice president or above	16%
	Director	32%
	Manager or below	46%
	Other	6%

Region	North America	46%
	Europe	30%
	Others	24%

Sample Breakdown: Company-level Respondents

- Throughout this report, slides referring to “Company-Level Respondents” draw insights from a smaller group of sustainability professionals: BSR’s primary points of contact, who are typically most knowledgeable about their company’s sustainability strategies.

Industry Sector	Consumer Products/Retail	28%
	Information and Communications Technology	17%
	Energy and Extractives	11%
	Healthcare	11%
	Financial Services	9%
	Food, Agriculture, and Beverage	8%
	Transportation and Logistics	6%
	Heavy Manufacturing	3%
	Media and Entertainment	1%
	Travel and Tourism	1%
	Other	5%

Job Level	Vice president or above	23%
	Director	37%
	Manager or below	36%
	Other	4%

Region	North America	56%
	Europe	28%
	Others	16%

Key Findings

- Companies today are experiencing **greater integration of sustainability into the business**, due in part to increased buy-in from leaders regarding the benefits of sustainability.
- Growing **engagement from leadership** means that corporate sustainability is increasingly driven by internal factors, rather than external events.
- **Human rights** remains a top priority, while **climate change** and improving access to basic needs are increasing important to business.
- Professionals outside of North America are more likely incorporate the upcoming **international climate agreement** into their business; however, there is global support for a universal commitment to decarbonization.
- A majority of BSR members perceive their companies consider **inclusive growth** a fairly high priority and feel it is driven by market opportunities.

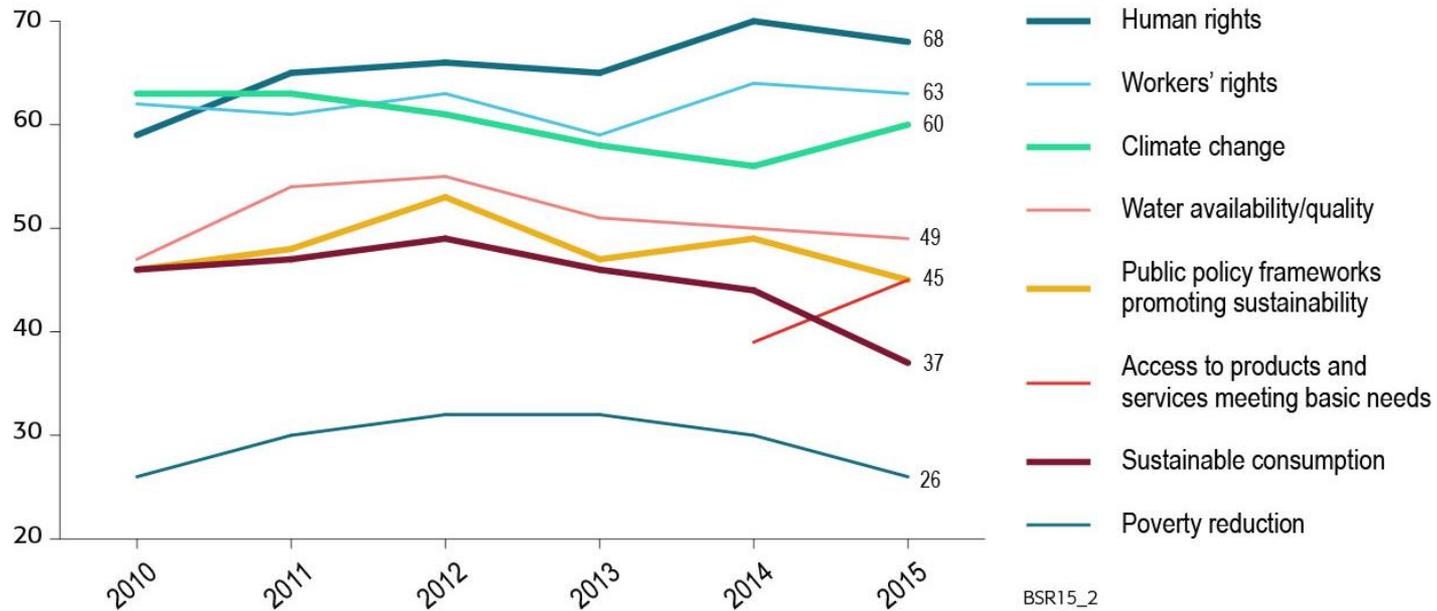
Tracking Corporate Sustainability Priorities

This section shows how corporate sustainability priorities have fluctuated over the past five years.

Human rights remains the top priority for business, though climate change and access to products meeting basic needs are on the rise.

Corporate Sustainability Priorities Over the Next 12 Months, 2010–2015

(Percentage of All respondents Identifying an Issue as a “Significant Priority”*)

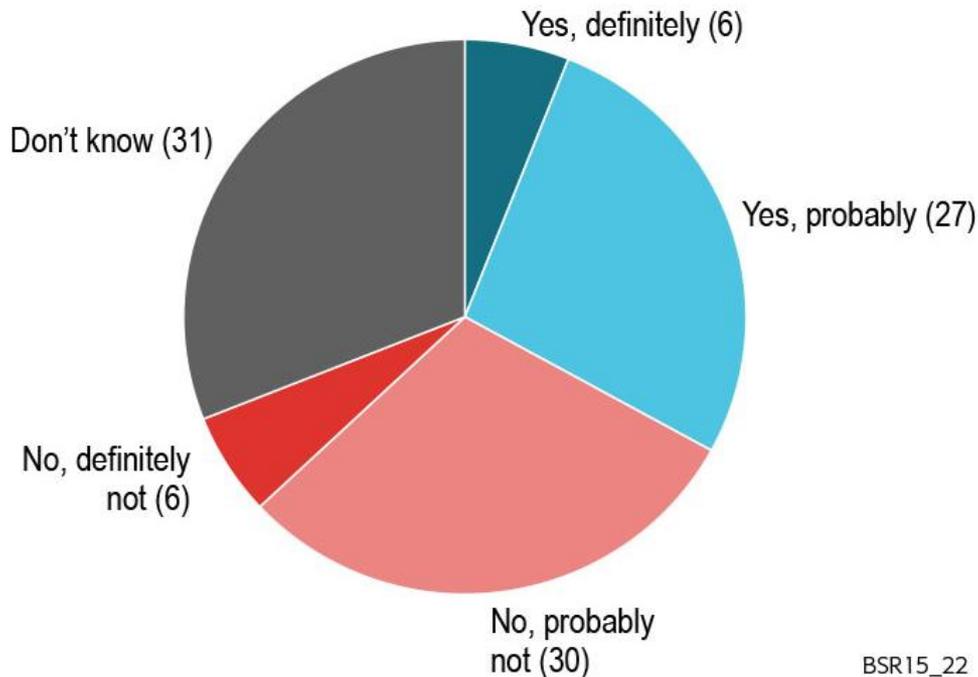


*Percentage of respondents who selected a 4 or 5 on a 5-point scale where 1 is “Not at all a priority” and 5 is “A very significant priority.”

Q2. When you think about the focus of your company’s sustainability efforts in the next 12 months, how much of a priority are 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.”)

These key issues will be addressed in the SDGs, which one out of three respondents feel their company will use to set goals.

Corporate Adoption of SDGs to Inform Target-Setting, 2015
(Percentage of Company-Level Respondents)



BSR15_22

The SDGs were frequently mentioned as an important external development that will drive corporate sustainability efforts.

When asked directly whether their company intended to use the proposed SDGs to set corporate targets, professionals from almost one in three companies indicated that they probably would.

Q22. Assuming they are agreed upon in September, does your company intend to use the proposed UN Sustainable Development Goals to set corporate performance targets?

Views on the State of Sustainable Business

In our seventh year of research, we asked professionals from BSR members companies to share their views on the current state of sustainable business.

“The State of Sustainable Business is...”

Perceptions on the State of Sustainable Business, 2015
(Percentage of All Respondents, Unprompted Perceptions)

42%
Growing and Mainstreaming

Many respondents see sustainability playing an increasingly vital role in business, both inside and outside their organization.

“... evolving. As the corporate sector finds value in sustainable practices, you begin to see more creativity and widespread adoption.”

18%
Uncertain

With high expectations for corporate sustainability, respondents feel that business can be doing more, but are unsure as to how it will evolve.

“... in flux. Some businesses are wholeheartedly adopting and incorporating sustainability while others still view this as a standalone initiative.”

14%
Driving Business

Sustainability is increasingly a part of companies’ core business, and can no longer be divorced from overall strategy.

“... becoming more the norm and is becoming integrated into overall business strategy.”

“... a business imperative.”

Q1. In a few words, please complete the following sentence: “The state of sustainable business is ...”

Marking a change from past years, internal factors are prime drivers of sustainability.

Most Significant Sustainability Developments in the Past 12 Months
(All Respondents, Top Mentions, 2015)

Evolving Sustainability Efforts (30%)

“Re-evaluation of corporate responsibility framework and milestones against which progress can be measured.”

“Creation and publication of a new, exciting, and very stretch goals for 2025!”

Increased Leadership Buy-in and Support (14%)

“Support for specific project activities from senior executives.”

“Greater senior leadership engagement in sustainability initiatives and ... greater buy-in to the importance and outcomes of sustainability.”

Regulatory and Investor Pressure (15%)

“Paris COP21 and shareholder resolution.”

“Continued regulatory pressure and tax-regime changes in developing countries.”

Social/Environmental Imperatives (9%)

“Water stress has driven changes to business strategy.”

“Trend in shortage of skilled labor (this has resulted in company's efforts to develop innovative products).”

Q4. Over the last 12 months, what has been the most significant development or event that has driven progress in your company's sustainability efforts?

Internal action and external regulation are the most anticipated sustainability developments.

Most Significant Sustainability Developments in the Next 12 Months
(All Respondents, Top Mentions, 2015)

New Sustainability Programs (40%)

“Aligning action: Now that we are talking across silos, we can start acting across silos.”

“A strategic decision to be a leader on sustainability rather than just meeting expectations.”

Public Policy and Regulation (16%)

“The most significant event will be launch of the SDGs.”

“Public policy and regulatory developments to coincide with or follow up on the SDG or Paris COP.”

Organizational Changes (8%)

“Our CEO replacement and the release of our new strategic plan.”

“Hiring a Director of Sustainability.”

“Involvement of the whole board, in contrast to just its CSR Committee, in this effort.”

External Pressure (11%)

“Consumer/activist demand for environmental responsibility in the supply chain.”

“Increased public and investor preferences for companies that ensure sustainable business practices.”

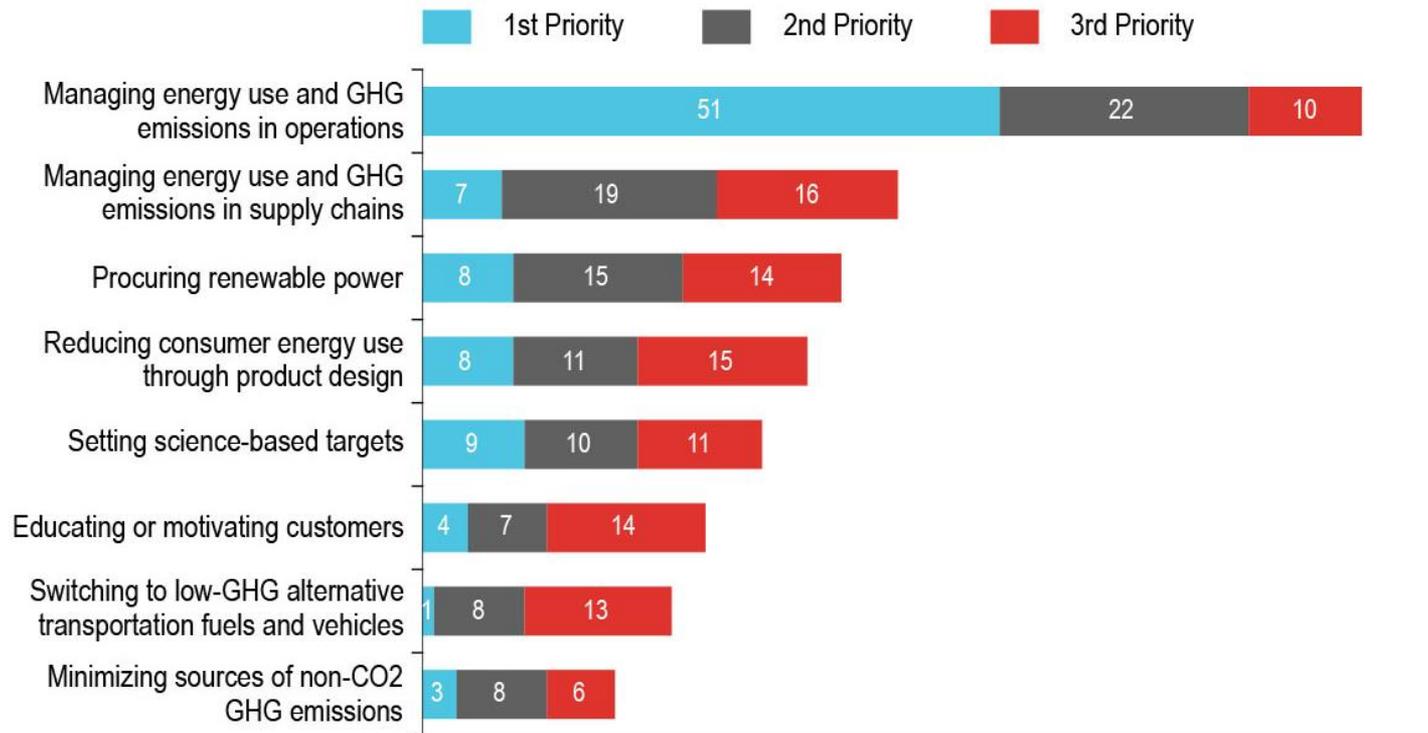
Q5. Over the next 12 months, what do you think will be the most significant development or event that will drive progress in your company’s sustainability efforts?

Climate Change

In this section, we examine the priorities for and barriers to greater climate-mitigation efforts, and show how corporate sustainability professionals view the upcoming COP21 agreement.

Managing energy use and GHG emissions are clearly viewed as the most important priorities for corporate climate-mitigation efforts.

Most Important Priorities for Company Climate-Mitigation Efforts, 2015
(Percentage of All Respondents)

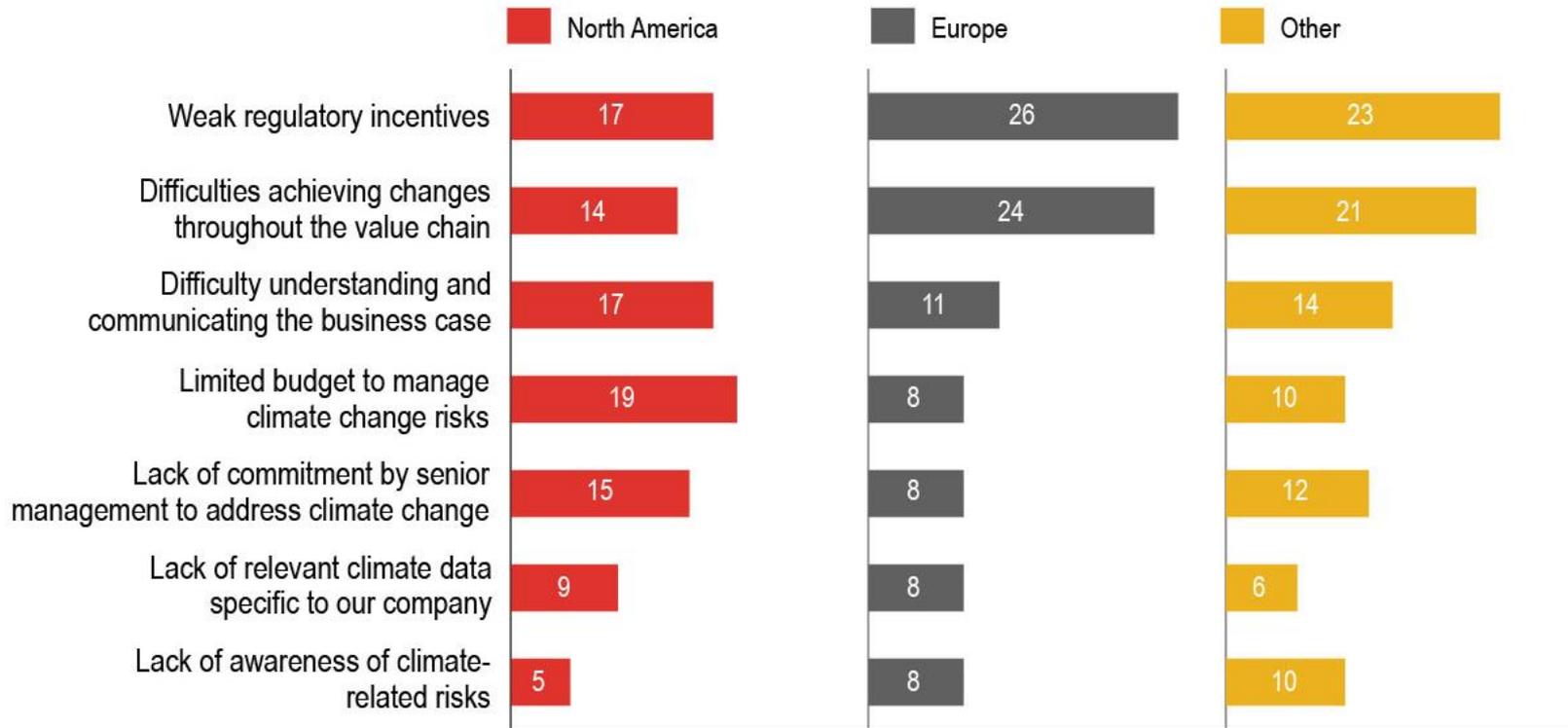


BSR15_16

Q16. From the list below, please identify and rank the three most important priorities for your company's climate mitigation efforts. (From the list below, please rank the three most important priorities by entering a 1, 2, or 3 in the space provided, with 1 being "the most important priority.")

All markets look for stronger regulation to act on climate change, while North America focuses more on budget concerns.

Top-Rated Corporate Barriers to Climate Change Action, 2015, By Region
(Percentage of All Respondents)

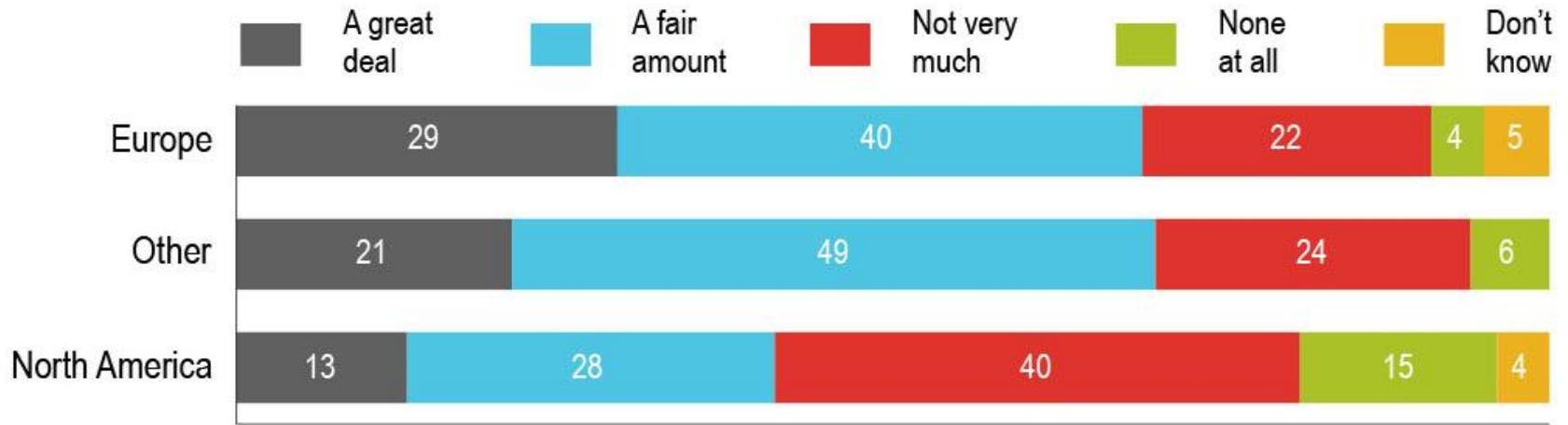


BSR15_19

Q19. Which one of the following is the greatest barrier your company faces in taking greater action on climate change, including reducing emissions and mitigating and managing climate change impacts of? (Please select only one.)
Q3dd. In which country are you based?

The perceived significance of an agreement at COP21 is much higher in Europe and other regions compared to North America.

Importance of Climate Agreement to Business, 2015, By Region
(Percentage of All Respondents)



BSR15_17

Q17. How important, if at all, is a new international climate agreement (e.g. UNFCCC COP21 in Paris) to your business?

A commitment to decarbonization and regulatory incentives, more than a price on carbon, are the most desired outcome of COP21.

Most Important Outcome of an International Agreement on Climate, 2015, By Region
(Percentage of All Respondents)



BSR15_18

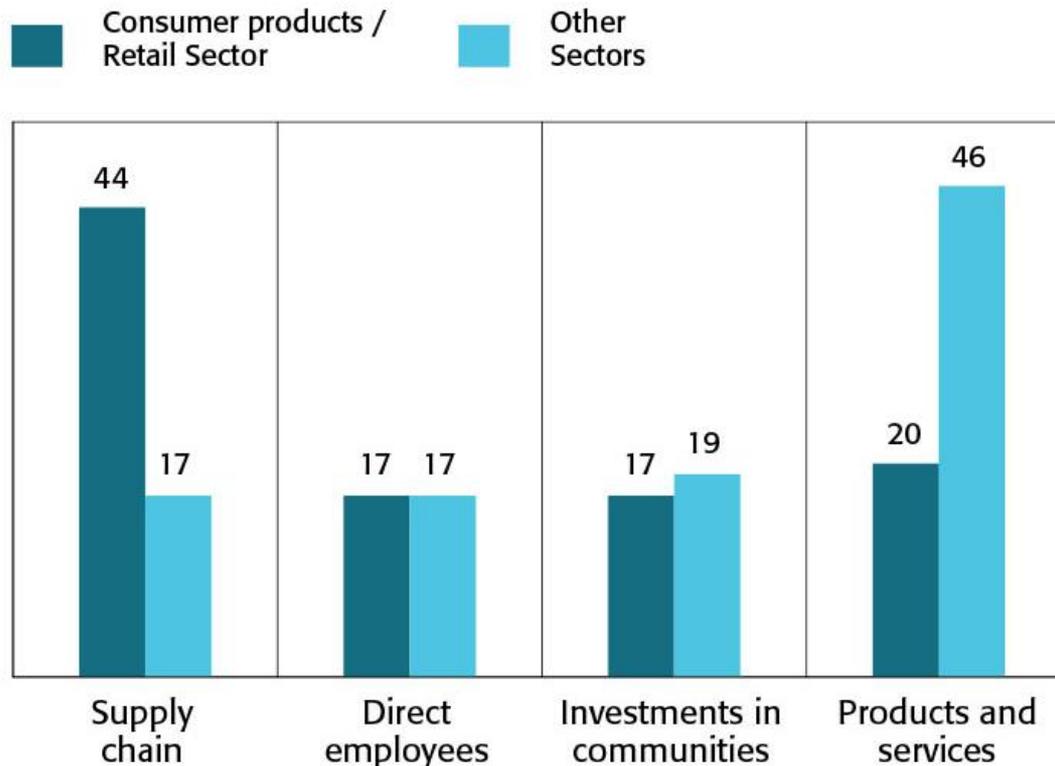
Q18. What do you feel is the most important outcome from a new international climate agreement like this? Please select only one.
Q3dd. In which country are you based?

Inclusive Economy

In this section, we examine how sustainability professionals believe the principles of an inclusive economy are being incorporated in their company.

Consumer products companies contribute to inclusive economies through supply chain; other sectors focus on products and services.

Most Effective Ways to Contribute to Inclusive Economies, 2015
(Percentage of All Respondents)

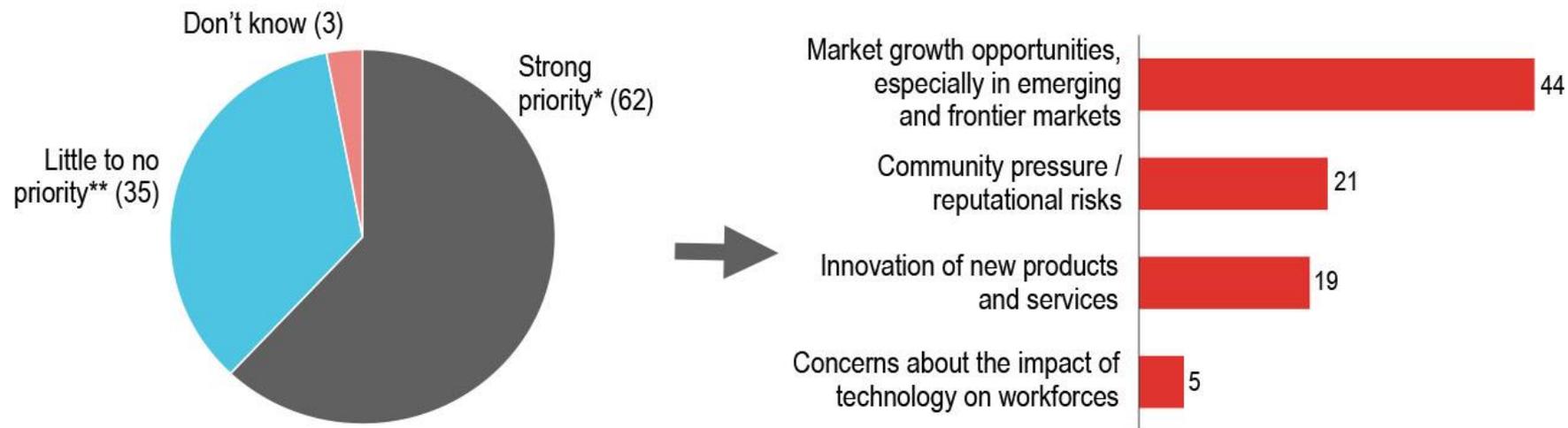


BSR15_23

Q23. Through which one of the following ways, if any, can your company most effectively contribute to building an inclusive economy? By inclusive economy, we mean an economy that enables all individuals and communities to participate in, benefit from, and contribute to the economy. (Please select only one.)

A majority believe that inclusive growth is a priority at their company, largely driven by market opportunities.

Companies Focusing on Inclusive Growth and Their Strategies, 2015
(Percentage of All Respondents)



BSR15_24-25

Q24. How much priority, if any, does your company place on inclusive growth? Definition: “an inclusive economy promotes inclusive growth.”

Q25. What do you feel is driving this focus on inclusive growth at your organization?

*1 or 2 on a 4-point scale. **3 or 4 on a 4-point scale, where 1 is “A great deal” and 4 is “None at all”

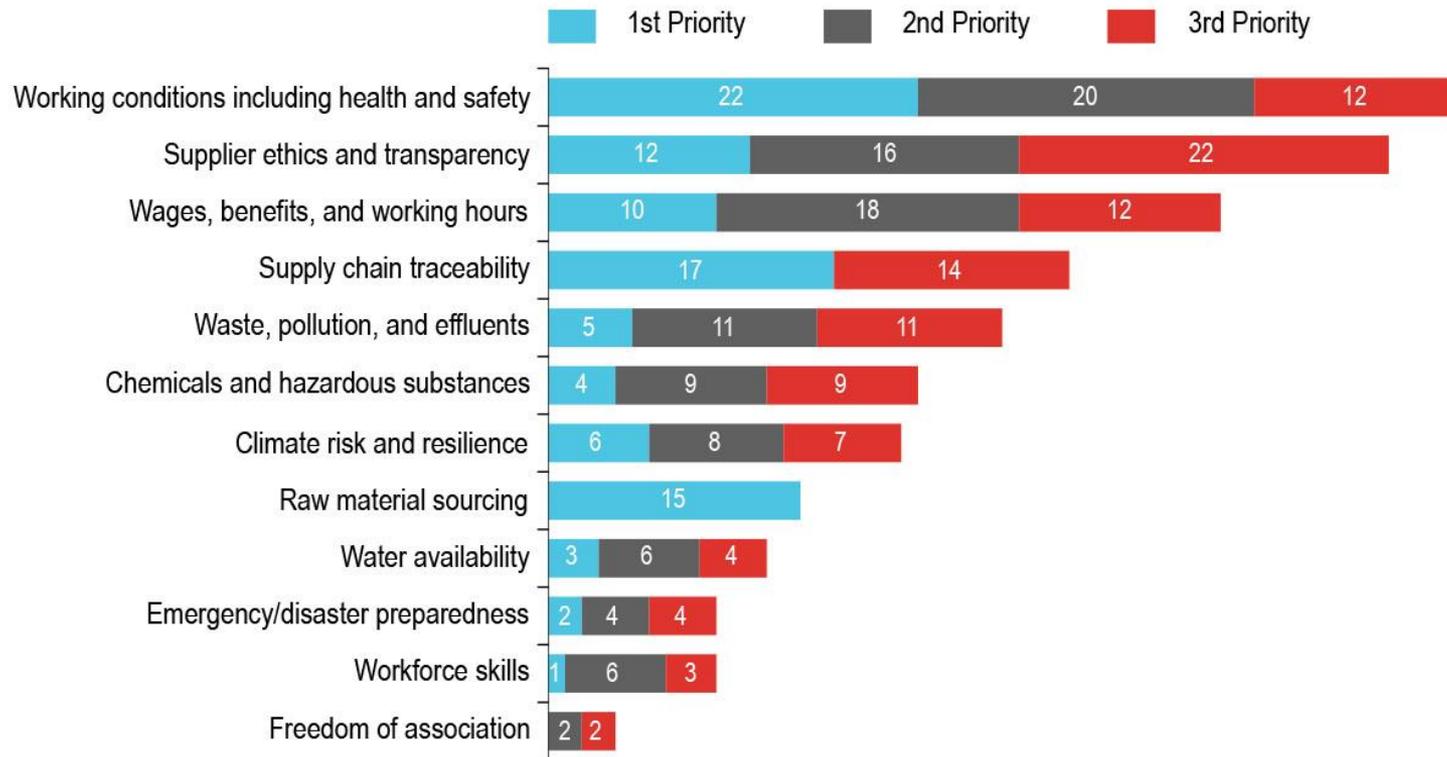
Supply Chain

In this section, we examine some key actions and activities that companies are carrying out to advance sustainability in their supply chains.

Ensuring good working conditions, along with transparency, are the most important supply chain issues.

Top Mentions, Ranked, 2015

(Percentage of All Respondents Identifying an Issue as a Top-Three Priority, Combined)

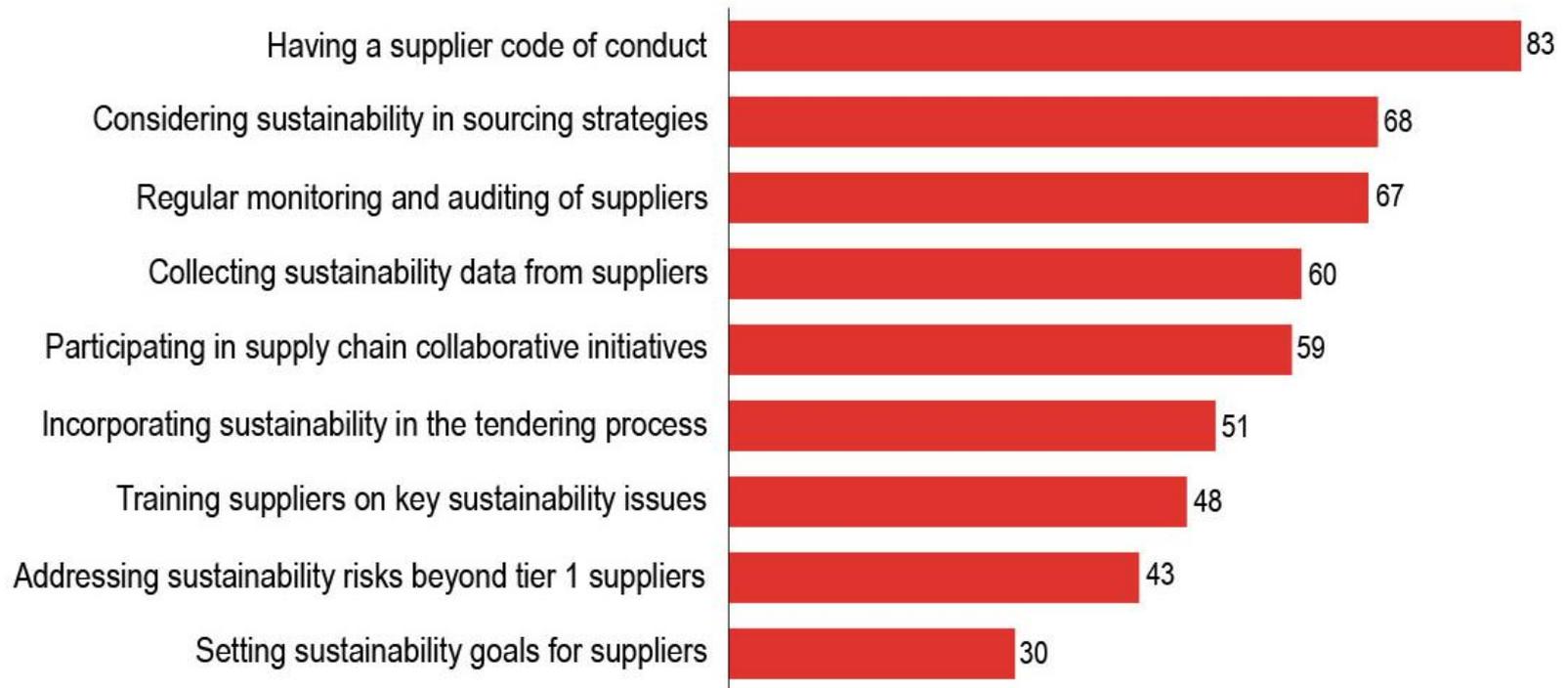


BSR15_11_allResp

Q11. What do you believe are the three most important sustainability issues in your supply chain? (From the list below, please rank the three most important issues by entering a 1, 2, or 3 in the space provided, with 1 being “the most important.”)

Sustainability is increasingly integrated within the supply chain, as majorities of companies adopt key measures.

Strategies Advancing Sustainability in Supply Chain, 2015
 (Percentage of All Respondents, Total Mentions)



BSR15_10_allResp

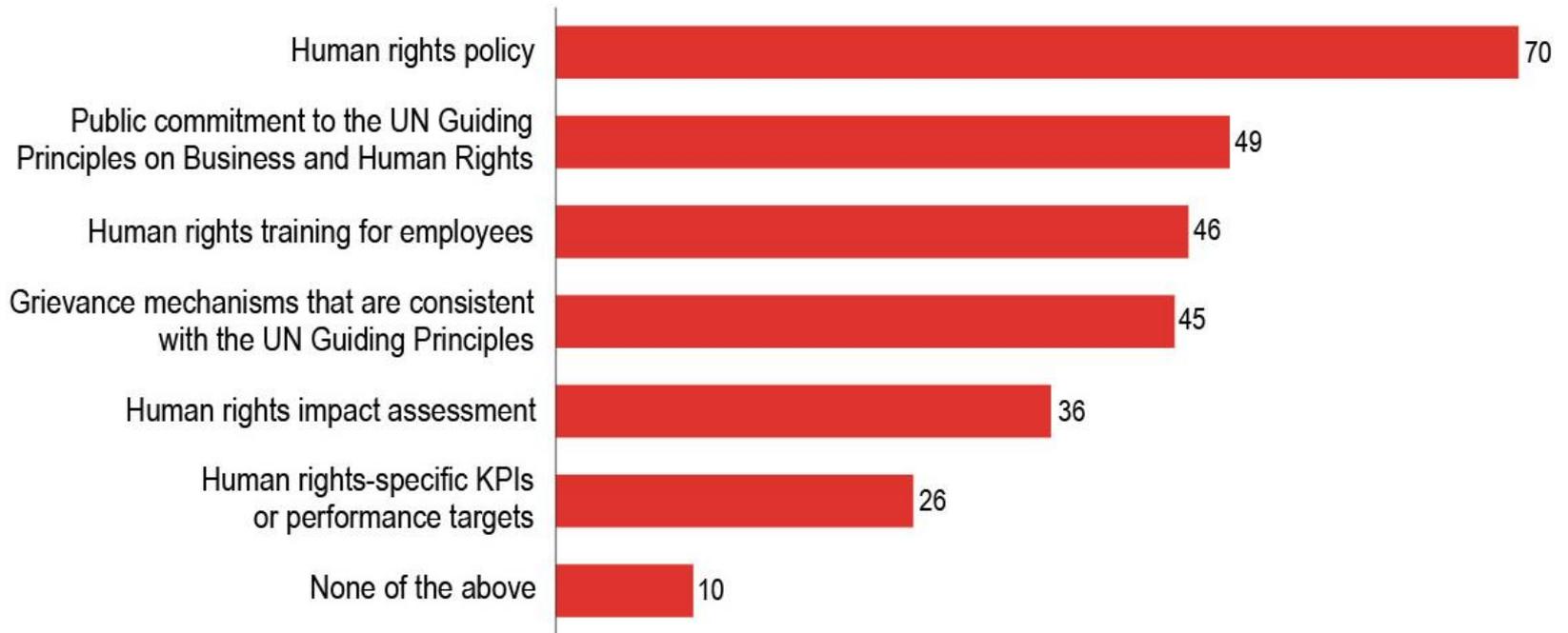
Q10. In which of the following ways, if any, is sustainability currently advanced within your supply chain? (Please select all that apply.)

Human Rights

In this section, we explore the specific measures professionals are taking at their organizations to safeguard human rights.

Most companies have a human rights policy, but less than half focus on implementation efforts like training or impact assessments.

Corporate Activities Advancing Human Rights, 2015
 (Percentage of All respondents, Total Mentions)



BSR15_15_allResp

Q15. What activities are you undertaking (or have you undertaken) to advance human rights in your company?
 (Please select all that apply.)

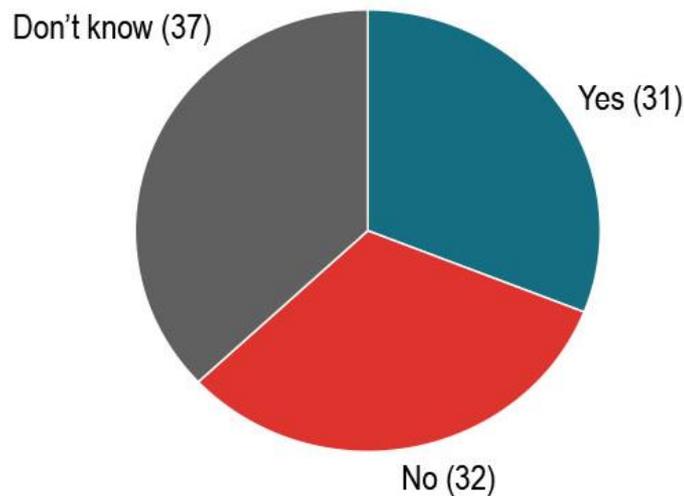
Circular Economy

In this section we see the extent to which and how circular economy principles are being adopted within businesses.

One third of companies are implementing circular economy principles, largely through design and production.

Practical Application of Circular Economy Principles, 2015
(Percentage of All Respondents)

Circular Economy Principles

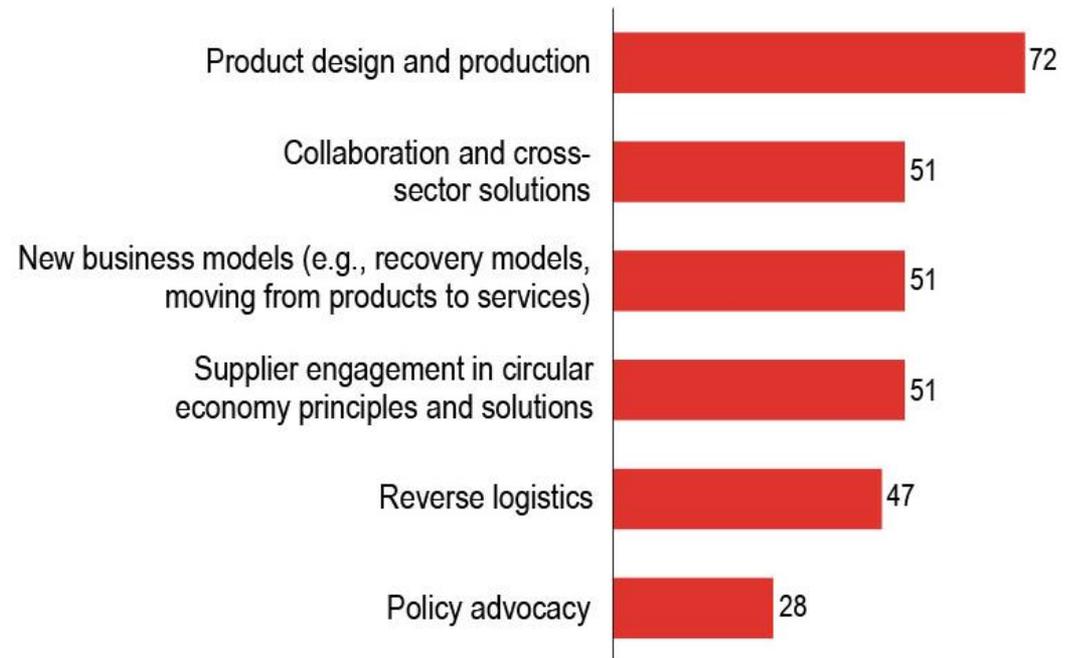


BSR15_20-21_allResp

Q20. Is your company implementing circular economy principles?

Q21. How is your company applying these circular economic principles in practice? (Please select as many as apply.)

Implementation Strategies

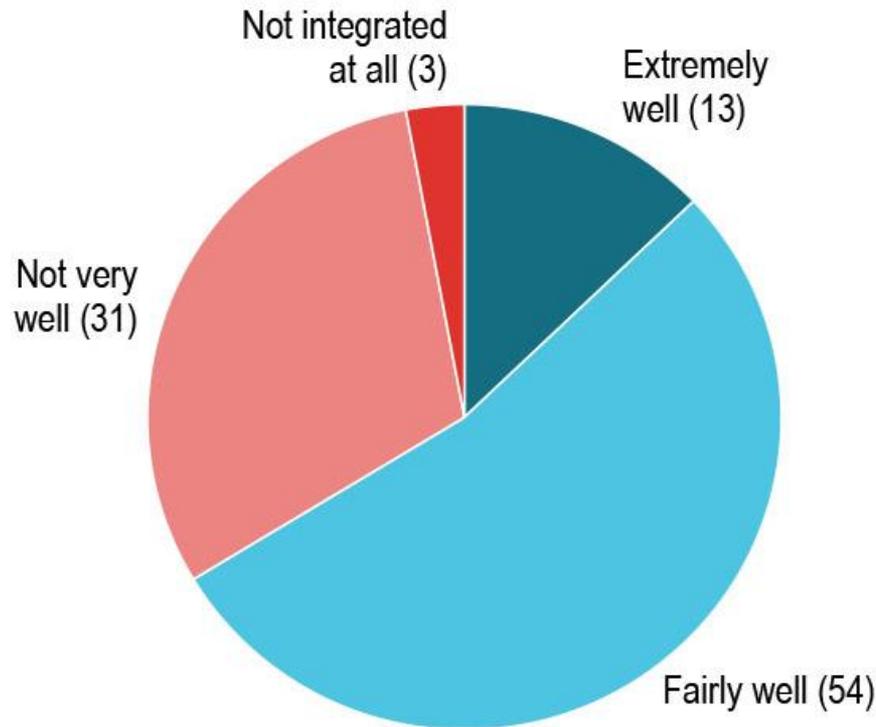


Corporate Sustainability in Practice

This section details how sustainability is prioritized and integrated within companies.

Sustainability is reported to be at least fairly well-integrated in almost seven-in-ten companies.

Perceptions of Sustainability Integration, 2015
(Percentage of Company-Level Respondents)

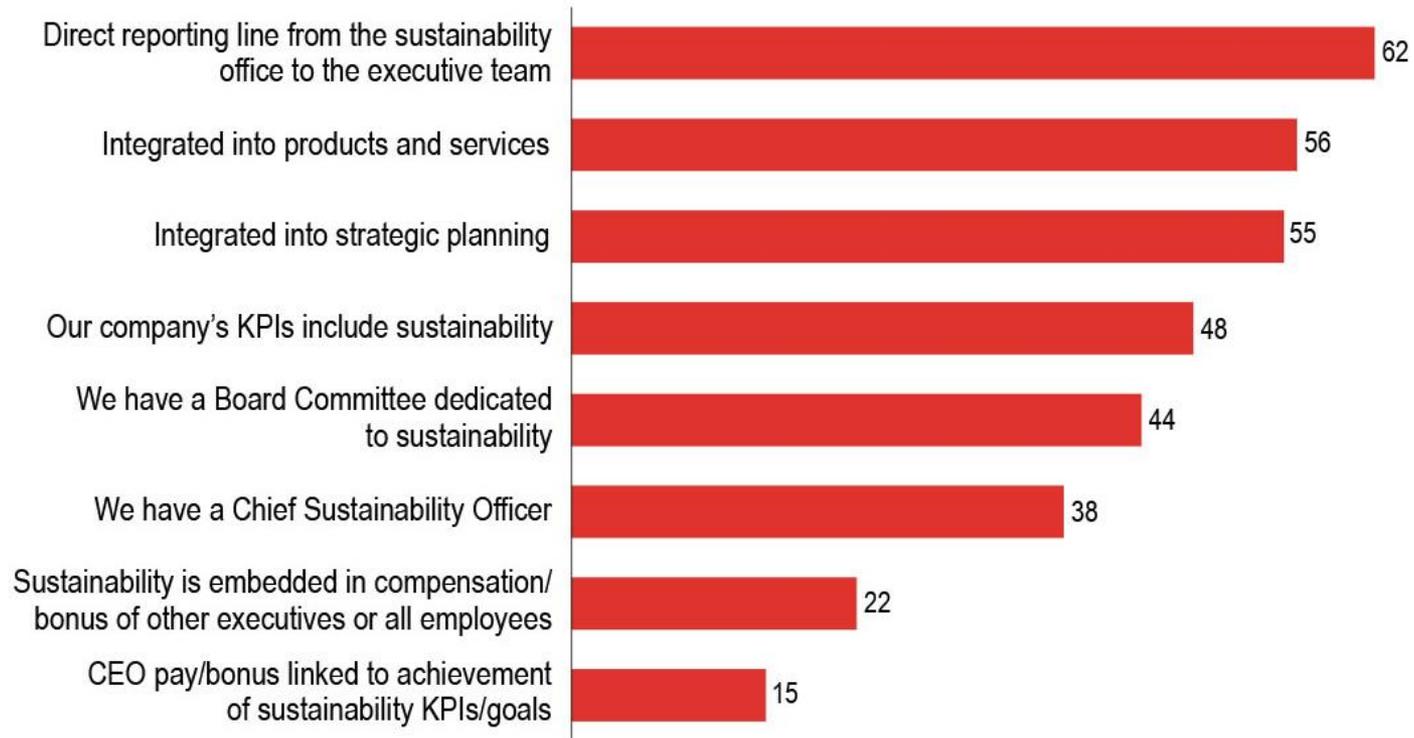


BSR15_8

Q8. How well do you believe sustainability is integrated into the core of your business?

The majority of companies organize sustainability under executive teams, and more than one in five embed it into compensation.

Sustainability Integration Strategies, 2015
 (Percentage of Company-Level Respondents)

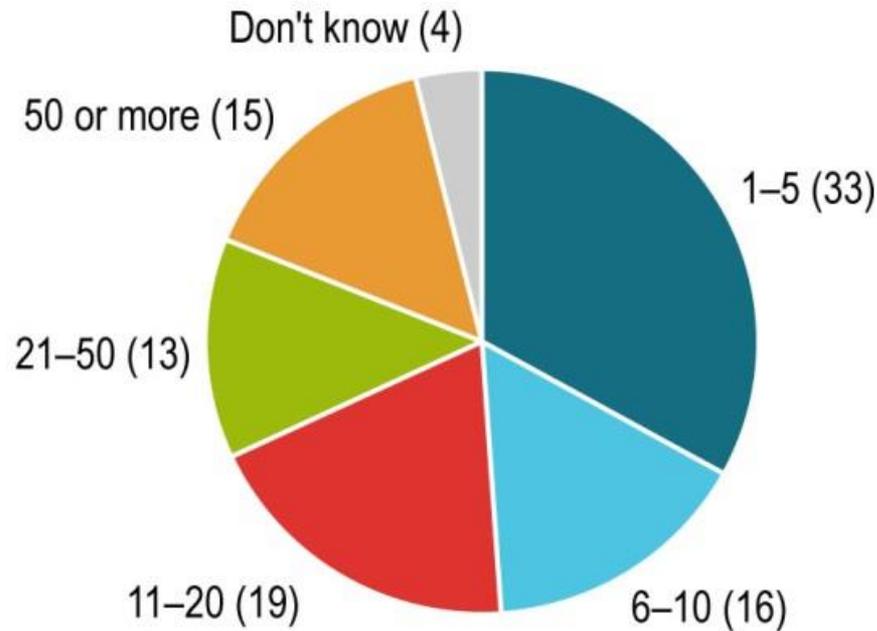


BSR15_6

Q6. Through which of the following ways is sustainability integrated into your company? (Please select all that apply.)

Almost half (49%) of companies employ ten or fewer people in their sustainability function.

Number of People Employed in Sustainability Function, 2015
(Percentage, Company-Level Respondents)

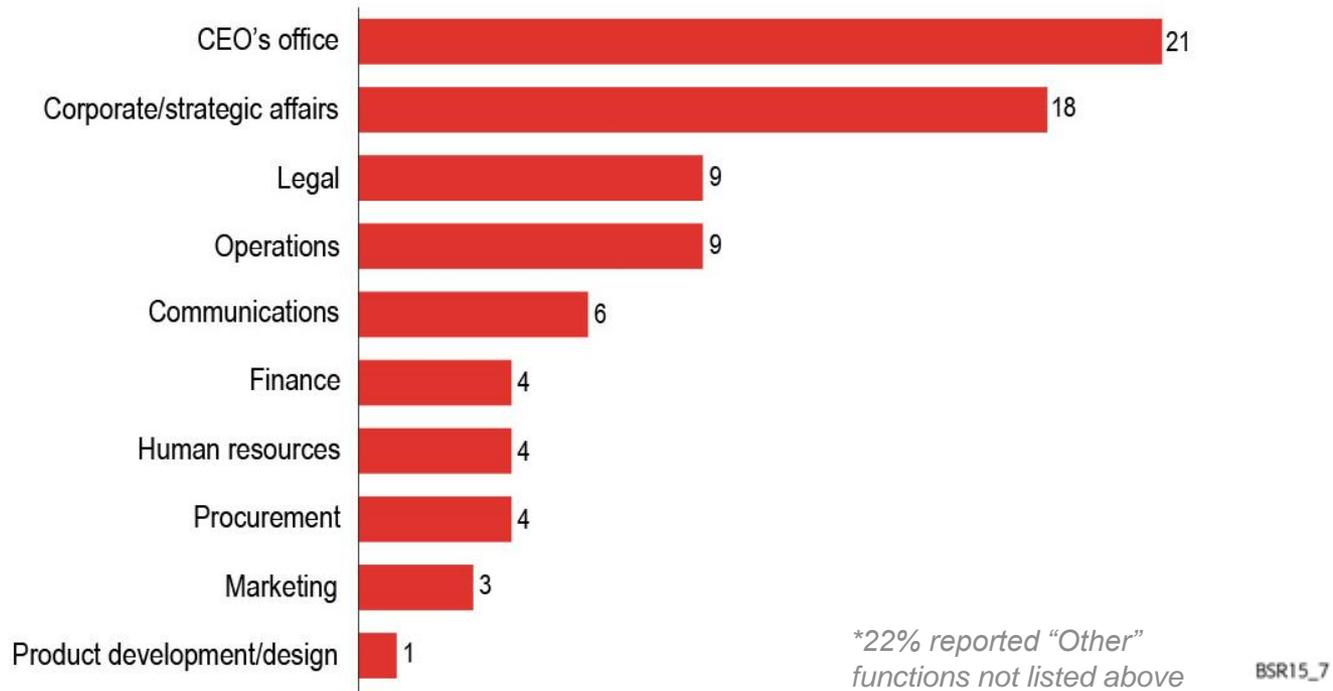


BSR15_8_company

Q8. How many people are employed in the CSR/sustainability function in your business?

The sustainability function most commonly reports to the CEO's office or through corporate affairs.

Sustainability Function Accountability, 2015
(Percentage of Company-Level Respondents)



Q7. Which of the following does your sustainability function directly report to?

In almost four out of ten (37%) companies surveyed, professionals believe that sustainability is a top-five priority for their CEO.

CEO Sustainability Priorities, 2015
(Percentage of Company-Level Respondents)

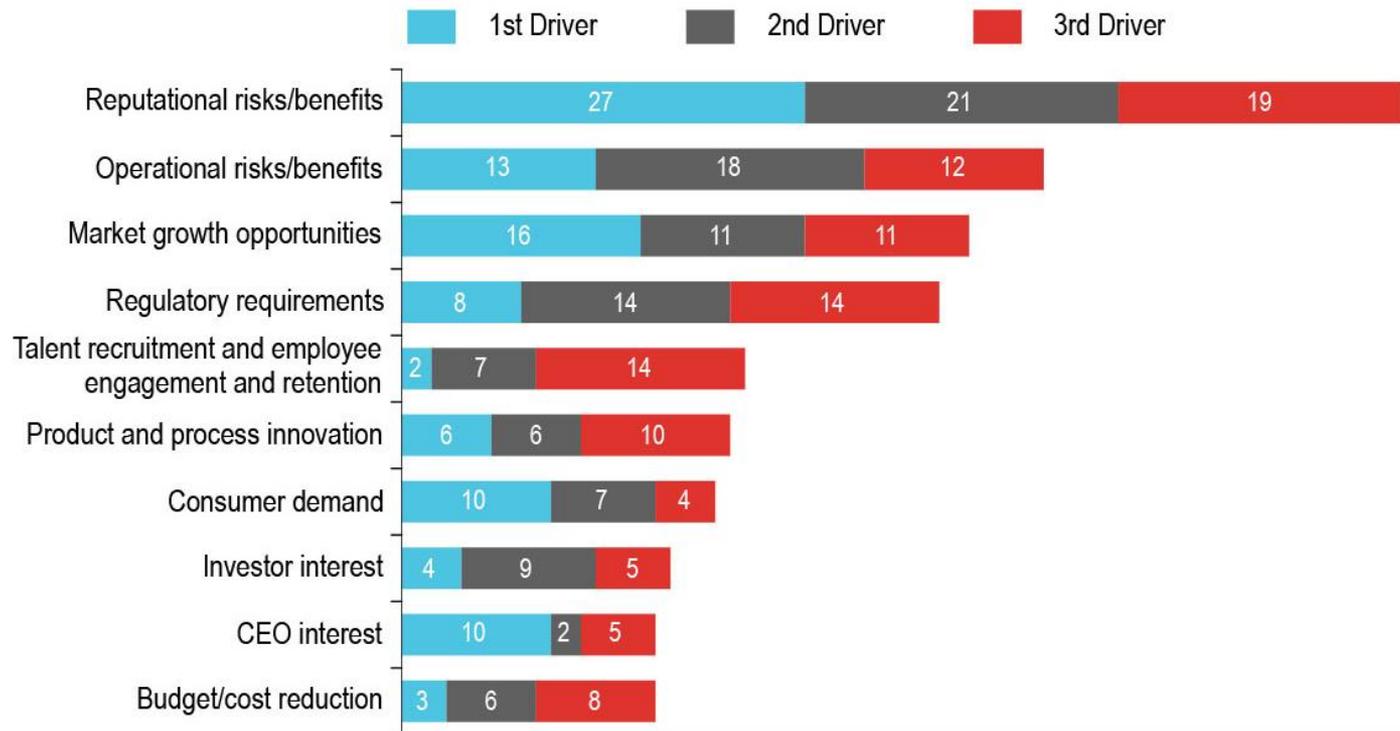


Q9. In considering your CEO's involvement with sustainability, where do you believe sustainability falls on his or her corporate agenda? (Please select one.)

The effect on the company's reputation is the most important driver of sustainability efforts, with market-growth opportunities also key.

Top Mentions, Ranked, 2015

(Percentage of Company-Level Respondents Identifying Issue as a Top-Three Driver, Combined)



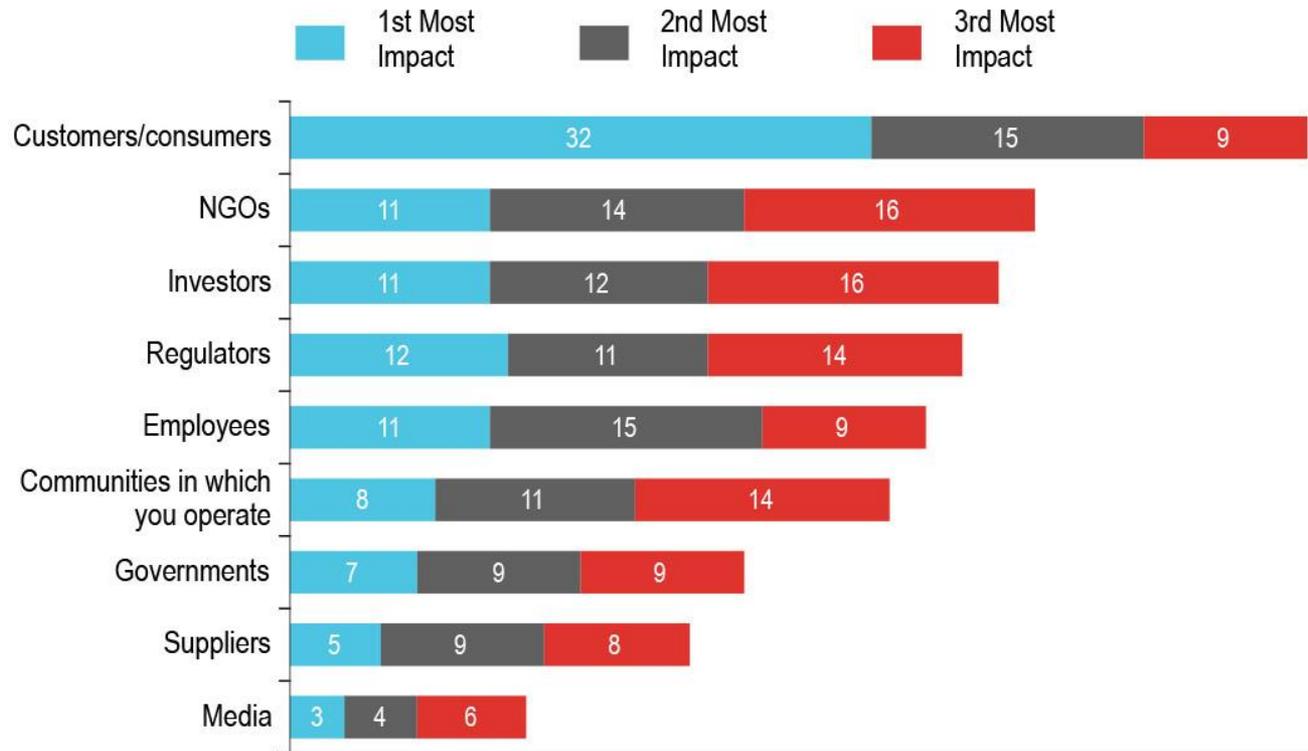
BSR15_3

Q3. 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 a 1, 2, or 3 in the space provided, with 1 being "the most important.")

Customers/consumers are the stakeholders with the most significant impact on corporate sustainability efforts.

Top Three Mentions, 2015

(Percentage of Company-Level Respondents Identifying as a Top-Three Group, Combined)

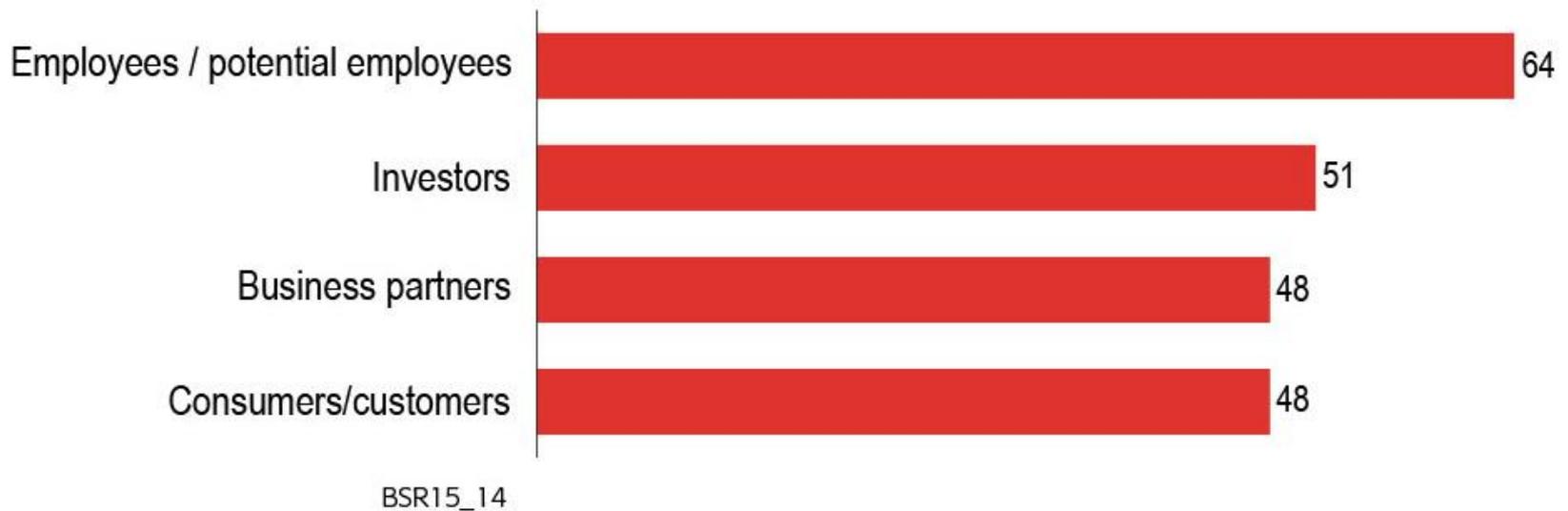


BSR15_13

Q13 Please select and rank the three stakeholder groups who you believe have the most impact on how you approach sustainability in your business. (From the list below, please rank the top three groups by entering a 1, 2, or 3 in the space provided, with 1 being "the most impact.")

Companies feel employees are most influenced by reporting but also that many types of stakeholders are important to engage.

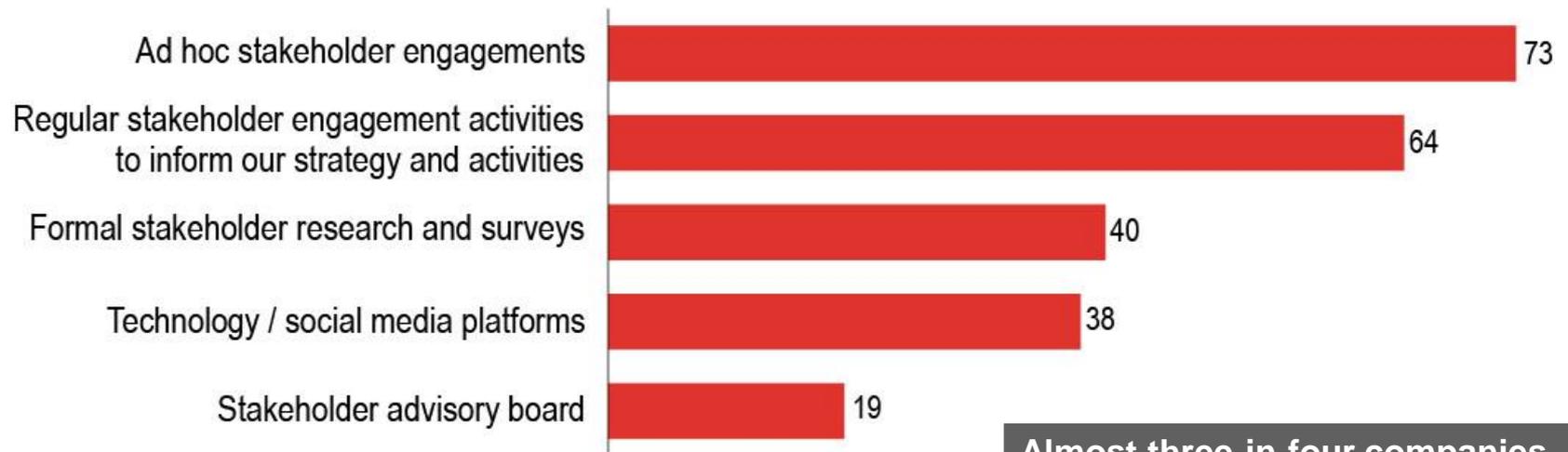
Influence of Reporting on Stakeholder Opinion, (3+4), 2015
 (Percentage of Company-Level Respondents)



Q14. How much, if at all do you believe your sustainability reporting positively influences the perceptions of your company among the following stakeholder groups? (Please use a scale of 1 to 4, where 1 means “No influence at all” and 4 means “A great deal of influence.”)

Companies use a variety of means to engage stakeholders.

Means of Engaging Stakeholders, Total Mentions, 2015
(Percentage of Company-Level Respondents)



BSR15_12

Almost three-in-four companies (72%) engage stakeholders in more than one of the ways detailed.

Q12. In which, if any, of the following ways do you currently engage stakeholders to advance your sustainability priorities?
(Please select all that apply.)

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