



BSR®

The Business of a Better World



# State of Sustainable Business Poll 2012

October 2012

## About BSR

BSR works with its global network of nearly 300 member companies to build a just and sustainable world. From its offices in Asia, Europe, and North and South America, BSR develops sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. Visit [www.bsr.org](http://www.bsr.org) for more information about BSR's more than 20 years of leadership in sustainability.

## About GlobeScan

For twenty-five years, GlobeScan has helped clients measure and build value-generating relationships with their stakeholders, and to work collaboratively in delivering a sustainable and equitable future. Uniquely placed at the nexus of reputation, brand and sustainability, GlobeScan partners with clients to build trust, drive engagement and inspire innovation within, around and beyond their organizations. [www.GlobeScan.com](http://www.GlobeScan.com).

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# Survey Highlights

**Integration of sustainability into the core of business** is a key focus for business in the short-term and one that will help fast-forward long-term progress on core sustainability issues.

- For business today, integration of sustainability into core business functions is by far the most important leadership challenge.
- Integration across the value chain is also important for solutions on climate; “working effectively with business units to achieve solutions” is identified as the greatest challenge to companies’ climate sustainability efforts.
- Integrating sustainability is also highlighted as the most important thing that business needs to focus on to fast-forward sustainability over the next 20 years.
- Sustainability reporting is perceived to be one of the areas in which business has made the most progress over the past 20 years, and the area in which the most progress is expected over the next 20 years.
- Historically, water is a difficult issue, but it is expected that business will make strides on this issue over the next 20 years.
- Similarly, progress in sustainable consumption is perceived to have been a difficult issue for business over the past 20 years, and this is expected to continue.

# Executive Summary

# Executive Summary

The most important leadership challenge facing business today is the **integration of sustainability into core business functions**.

- Almost two-thirds (62 percent) of respondents selected this as the most significant challenge. (This was the exact same result of our findings in 2011.)

**Integrating sustainability into business** is perceived to be the most important focus for business in order to fast-forward progress on sustainability.

- When asked to spontaneously name what they think needs to be the focus for business over the next 20 years, comments related to integrating sustainability into business are the most mentioned.

**Significant progress is perceived to have been made over the past 20 years on sustainability reporting**, and this is perceived to be the area where most future progress will be made.

- **Health and safety** and sustainability reporting are the two areas in which respondents believe business has made the most significant progress over the past 20 years.
- Looking into the future, **sustainability reporting** is also the area in which business is expected to be able to make the most progress.
- **Water** is one of the issues that respondents believe business has made the least progress on over the past 20 years. However, when looking to the next 20 years, it is believed to be one of the issues on which business will make the most progress.
- Two of the areas in which respondents believe business has made the least progress, **sustainable consumption** and **public policy**, are areas that appear to be the greatest challenges for future progress.

# Executive Summary

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

- The focus of business' sustainability efforts over the next 12 months is consistent with 2011 findings. "Workers' rights" and "human rights" are considered to be the most urgent priorities for businesses' sustainability efforts. "Climate change," while still an a vital focus area, has seen a gradual decline since 2009.

**Energy management in operations** is overwhelmingly seen as the main priority in carbon reduction strategies.

- Seven-in-ten (71 percent) respondents report energy management as the main priority followed by working with supply chain and products waste and recycling.

The main challenges for climate sustainability relate to **effectively coordinating business units**.

- Working effectively with business units throughout the value chain to achieve solutions is seen by far as the main challenge.
- The related challenges of establishing an impactful strategy, scaling up projects globally, and gaining resource commitments from senior management are also seen as significant challenges.

# Executive Summary

The belief that the **public currently has little trust in business** continues, despite some moderation in perceived levels of distrust.

- Companies can **build trust** by being increasingly transparent about business practices and by measuring and demonstrating positive social and environmental impacts
- The importance of creating innovative sustainable products in helping to improve the public's trust in business has continued to increase since 2010, and this is by far the greatest perceived driver of **business success**.
- The areas where business is deemed to be showing the **greatest leadership** is in measuring and demonstrating social and environmental impacts and responding promptly and effectively to accidents and quality issues.

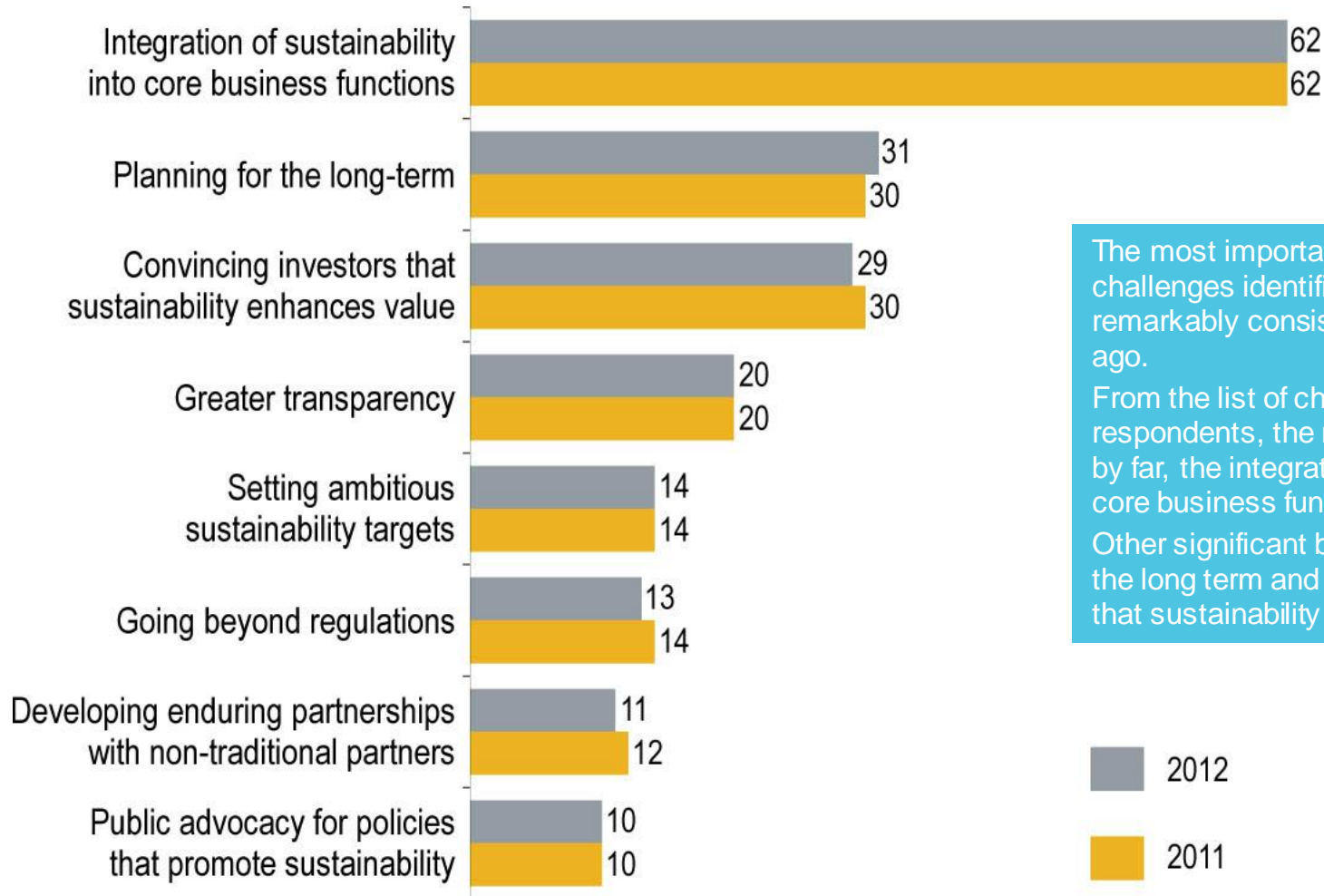


# Detailed Findings

# Leadership

# Most Important Leadership Challenges

Combined Mentions, 2011–2012



The most important leadership challenges identified by respondents are remarkably consistent with 12 months ago.

From the list of challenges presented to respondents, the most important remains, by far, the integration of sustainability into core business functions.

Other significant barriers are planning for the long term and convincing investors that sustainability enhances value.

2012

2011

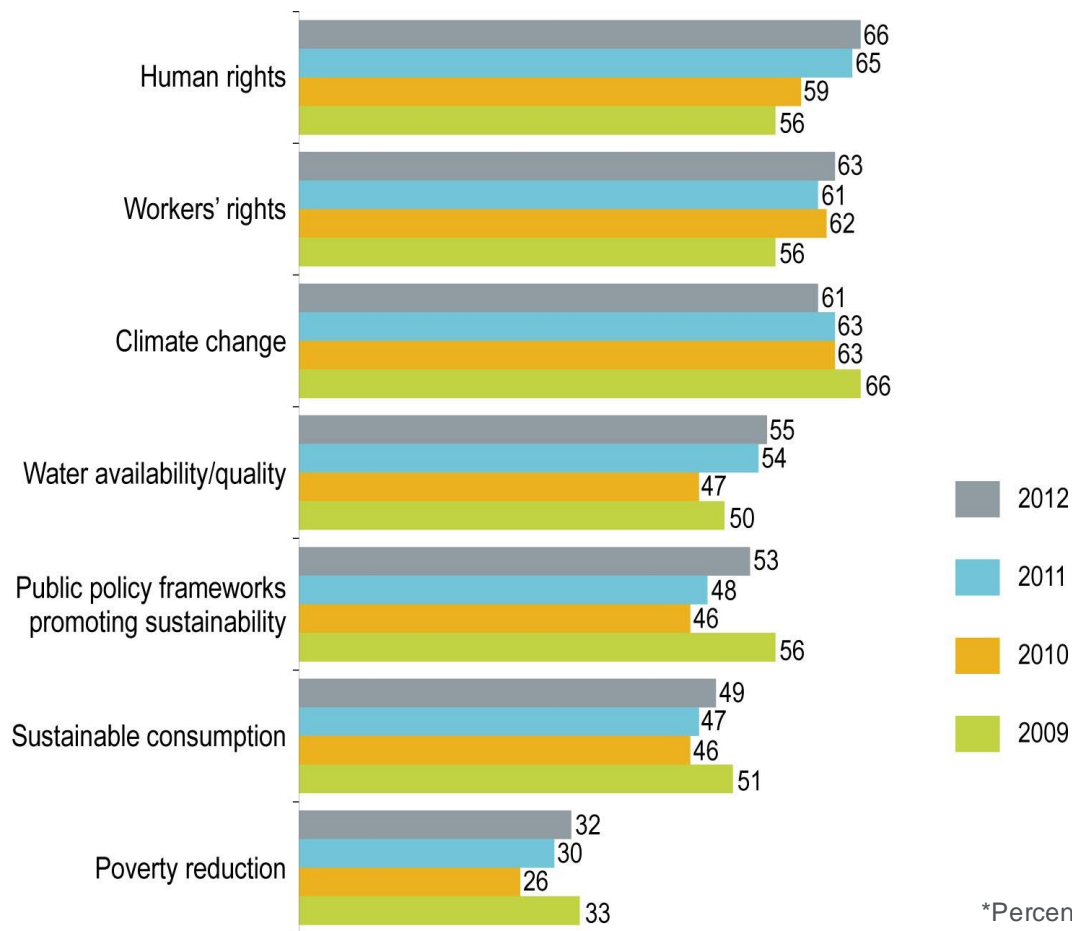
BSR12\_9t\_trk

9t. In your opinion, which two of the following stand out as the MOST important leadership challenges for businesses today?

# CSR/Sustainability Within the Organization

# Significant Sustainability Priorities

“Significant Priority” (4+5),\* 2009–2012



BSR12\_1t\_priority

“Human rights” has seen a gradual increase since 2009 in the proportion saying that it is a priority.

“Worker’s rights” has replaced “climate change” as the second-greatest priority.

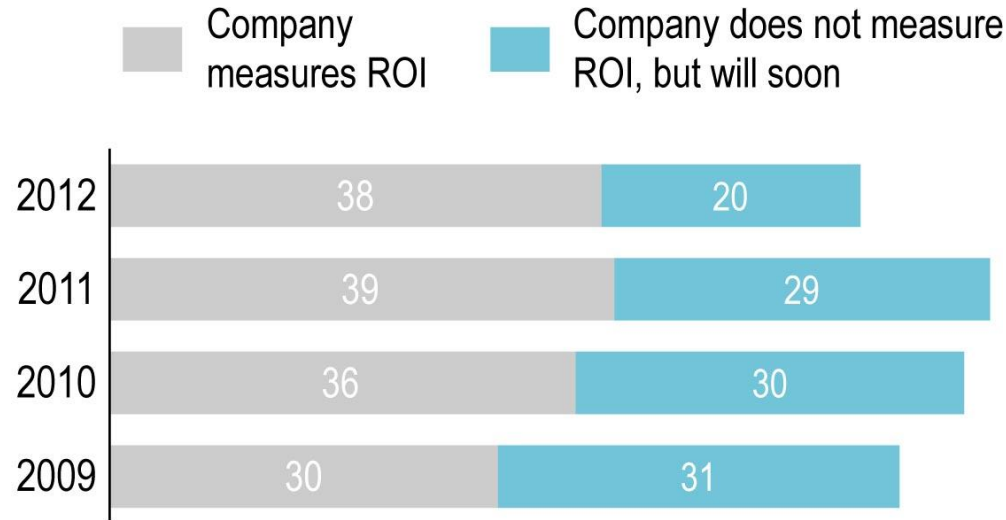
“Climate change” continues to be a priority for organizations’ CSR/sustainability efforts, with almost two-thirds stating it is a priority, although this has fallen slightly since 2009.

Between 2010 and 2011 there was a substantial increase in the percentage saying that “Water availability/quality” is a priority for sustainability efforts, and this was maintained in 2012.

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

# Company Currently Measures ROI of CSR

2009–2012



BSR12\_4t\_trk2

Following a three year gradual increase in the proportion of respondents reporting that their company measures the return on investment of their CSR/sustainability efforts, this has leveled out in 2012.

However, there has been a decrease in the proportion of respondents indicating that they will measure ROI soon.

The following reasons are given for currently not measuring ROI:

- Hard to / measure (24 percent)
- No interest demand or need (22 percent)
- Limited resources (8 percent)
- Do not know how to (7 percent)

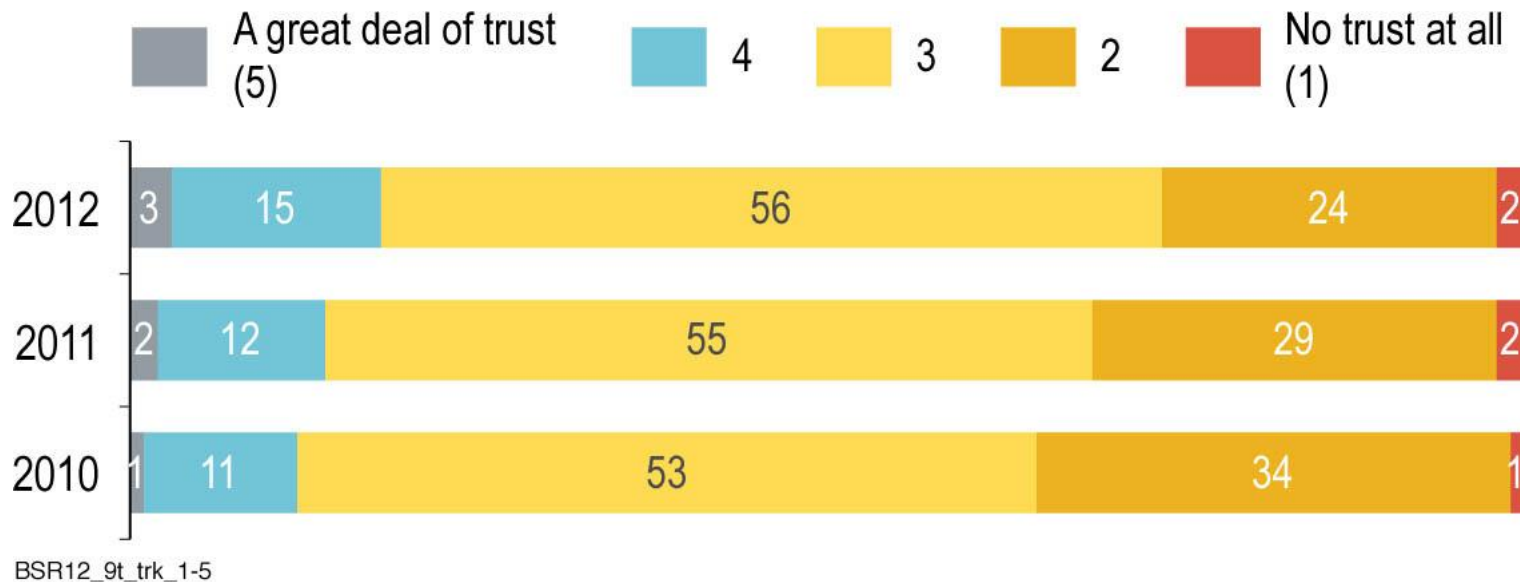
**4t. Does your company [organization] currently measure the return on investment (ROI) for any of its CSR/sustainability efforts?**

**4a Why does your company [organization] currently not measure the return on investment (ROI) for any of its CSR/sustainability efforts?**

# Building Trust

# Level of Public Trust in Business?

All respondents, 2010–2012



On balance, respondents remain pessimistic about the current level of public trust in the private sector. The majority are neutral in terms of the level of trust they feel people have, with over a quarter (26 percent) believing the public has little trust. However, the proportion believing the public does trust business has increased gradually over the past three years.

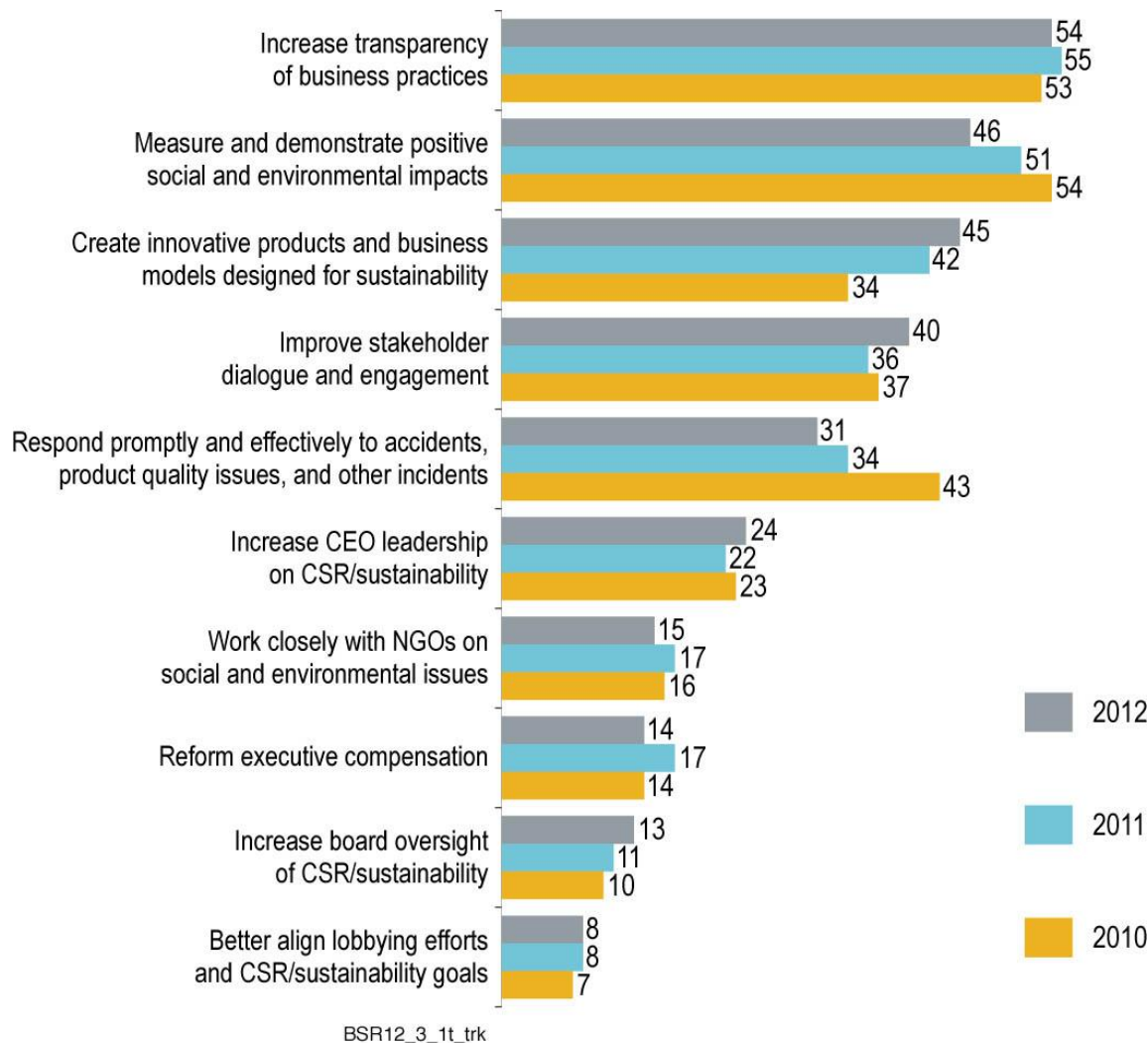
Note: Based on a 5-point scale where 1 is "no trust at all" and 5 is "a great deal of trust."

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



# Most Important Action to Build Trust

## Combined Mentions, 2010–2012

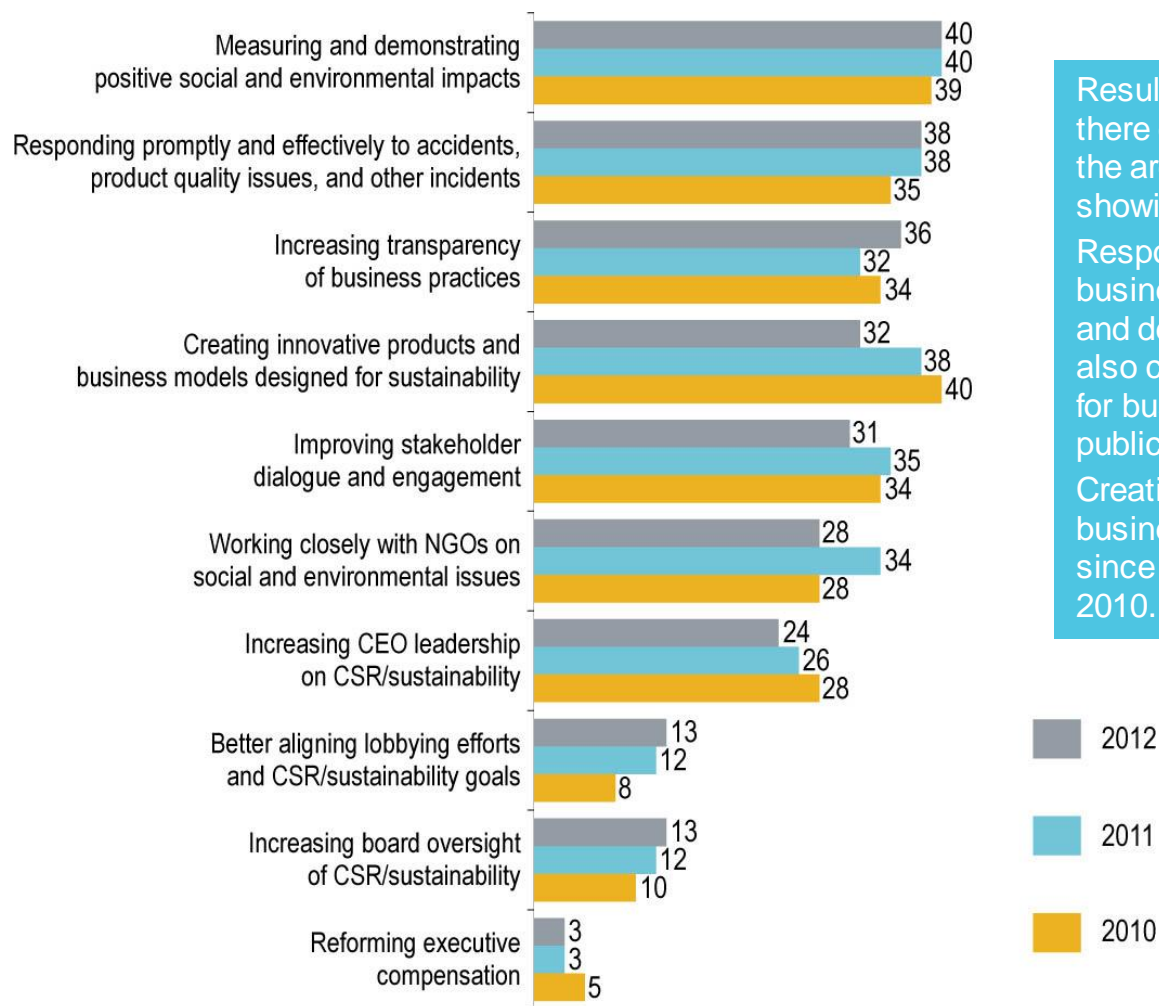


As in 2011 and 2010, respondents this year believe the best ways for companies to improve trust in business are by being more transparent, demonstrating positive impact (although this has decreased by 8 percentage points since 2010), and creating innovative products and business models (which has increased by 11 percentage points since 2010).

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

# Business Leadership Areas

## Combined Mentions, 2010–2012



BSR12\_3\_2t\_trk

Results are broadly consistent with 2011 and there continues to be no majority view as to the area in which business is currently showing the greatest leadership.

Respondents are most likely to think that business is doing a good job at measuring and demonstrating positive impacts (which is also cited as one of the most important ways for business to build its trust among the public).

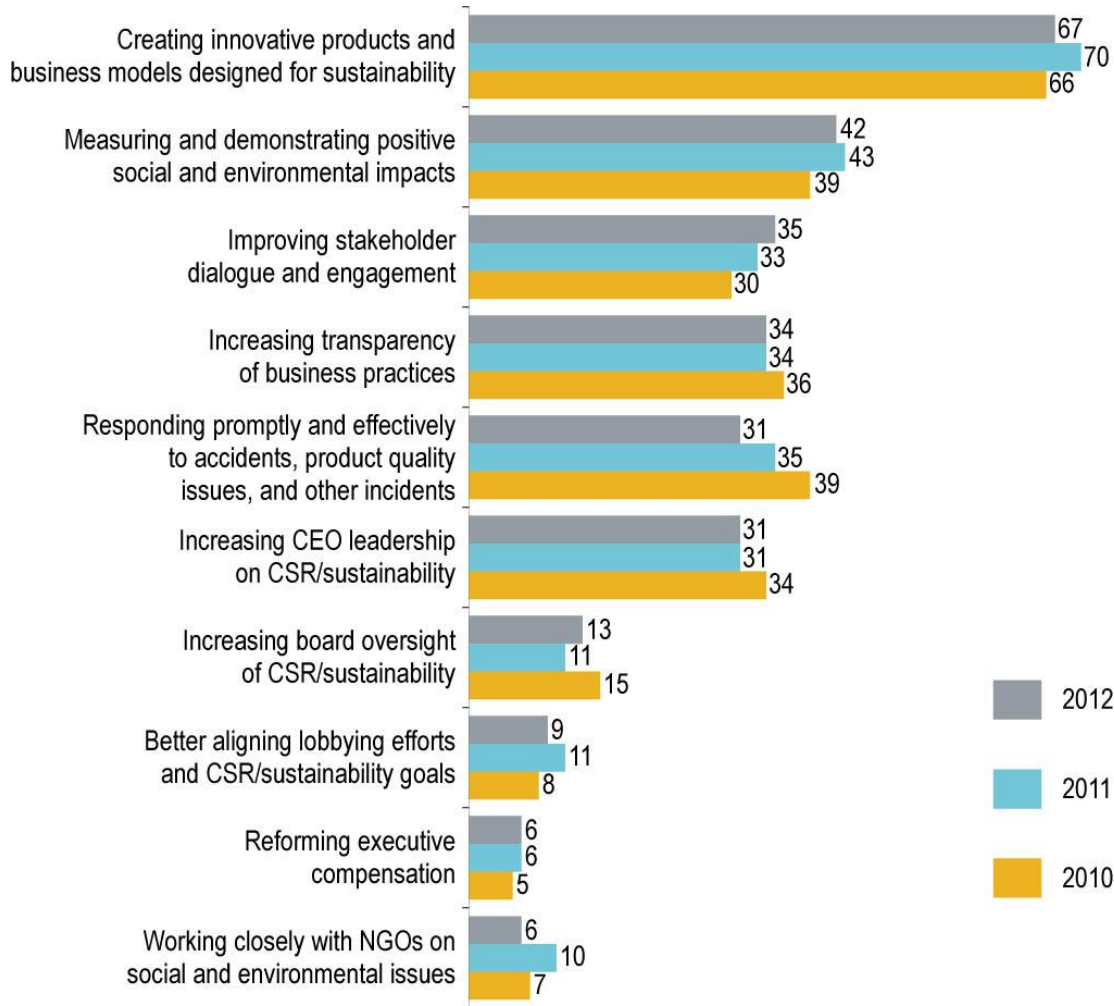
Creating innovative sustainable products and business models has seen a notable decline since 2011 and an overall decline since 2010.



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

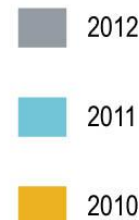
# Important Drivers of Business Success

## Combined Mentions, 2010–2012



Innovating for sustainability is by far the most important driver of overall business success, and this has shown consistency over the past three years.

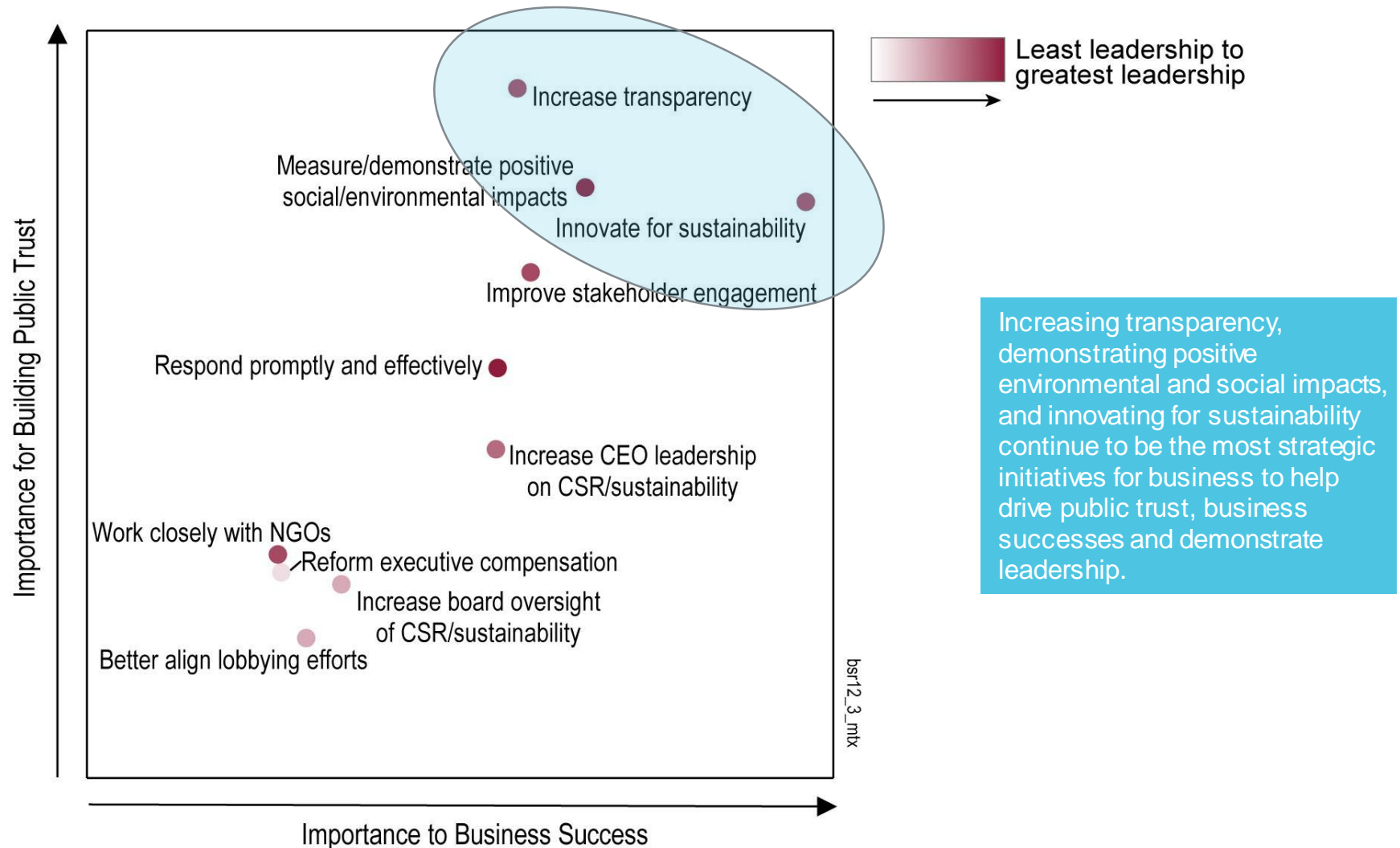
However, while this is clearly the most important driver of business success identified by respondents, it has seen a decline in the proportion believing business is showing leadership in this area (see previous slide).



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# Trust, Leadership, and Performance

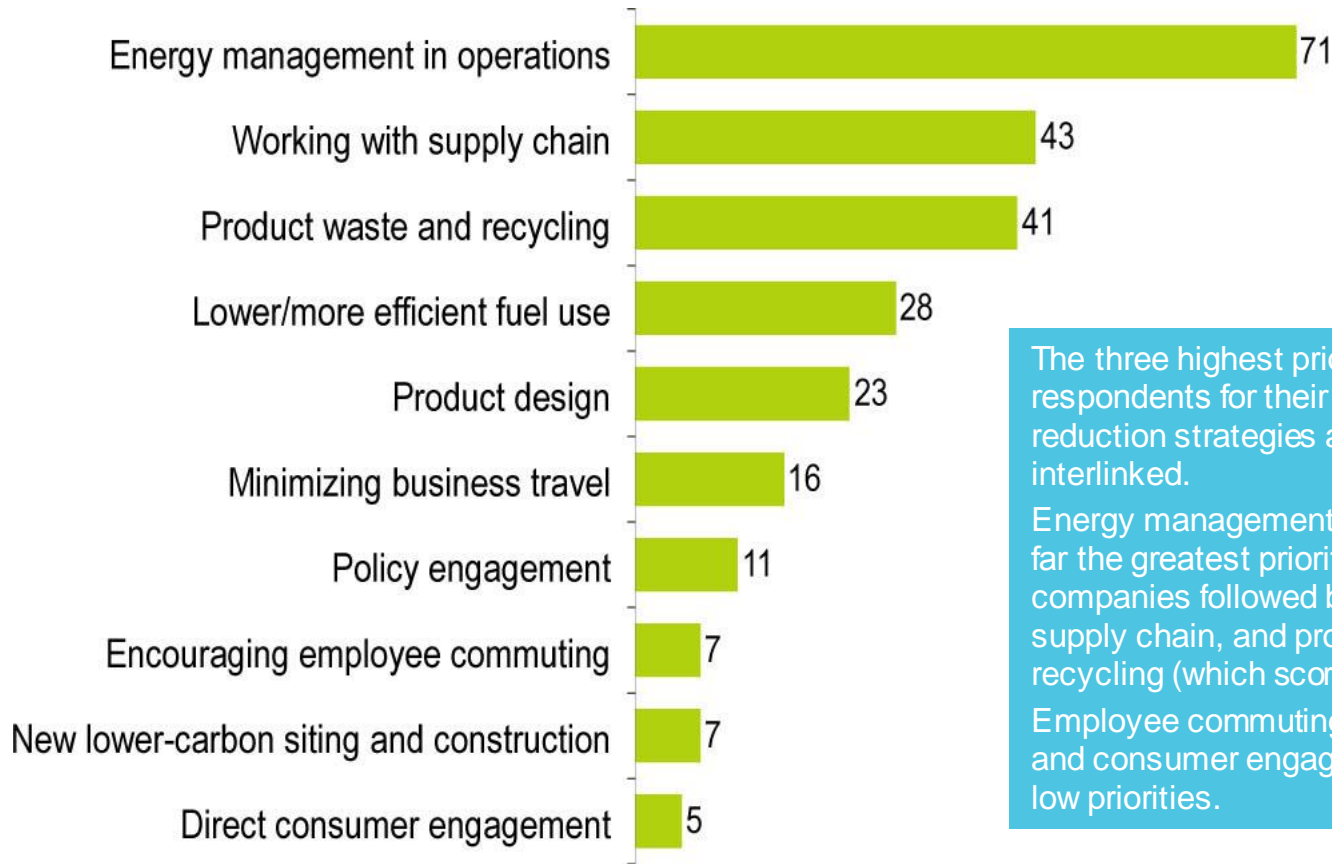
## Combined Mentions, 2012



# Climate Change

# Priorities for Carbon Reduction Strategy

Total Mentions, 2012



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The three highest priorities identified by respondents for their companies' carbon reduction strategies are very much interlinked.

Energy management in operations is by far the greatest priority for respondents' companies followed by working with the supply chain, and product waste and recycling (which score similarly).

Employee commuting, low-carbon siting, and consumer engagement are relatively low priorities.

# Challenges for Climate Sustainability

Total Mentions, 2012



Coordinating solutions with business units throughout the value chain is seen as by far the greatest challenge for climate sustainability. Strategic impact and scaling up projects globally are second tier concerns.

6. Which two of the following pose the greatest challenges to your company's climate sustainability efforts?

# Developments in CSR/Sustainability



# Most Significant Development in Past Year/Next Year

## Top 10 Mentions, 2012

### PAST 12 MONTHS

Something my company has done (specific mentions)

New legislation/reports/initiatives (specific mentions)

CSR awareness/engagement (in general)

Labor/supply chain issues

Conflict minerals

Focus on sustainable development

Rio+20

Climate change

Human/workers' rights

Carbon tracking/taxes

The most specific mentioned development over the past 12 months to respondents is something that their own company has done, followed by mentions of specific initiatives, legislations or reports that have occurred.

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

### NEXT 12 MONTHS

Broader/great adoption/focus/integration of CSR/sustainability

Supply chain issues

Something my company will do (specific mentions)

Human rights issues

US election

Environmental issues/protection/Climate change

Transparency

Energy/energy efficiency/renewable energy

Water issues

Carbon accounting/tax

A wide range of developments are thought to be likely to occur over the next 12 months, with the most mentioned being the broader adoption or integration of sustainability by business.

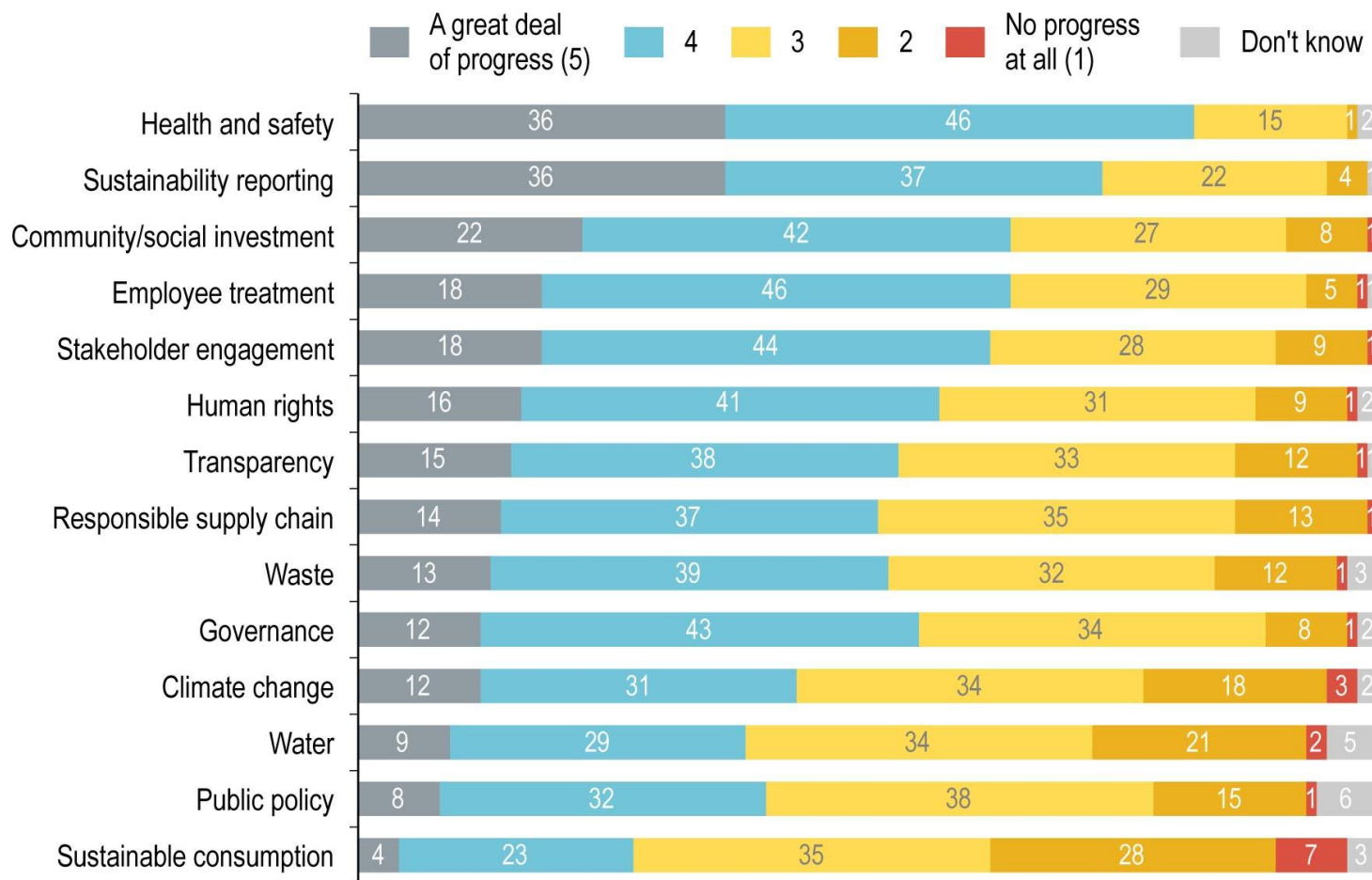
8. Over the next 12 months, what do you think will be the most significant development in CSR/sustainability?

# Past & Future Progress on Sustainability

- Respondents were asked to rate how much progress business had made over the past 20 years on a range of sustainability issues.
- Following this they were then asked to rate how much progress business will make on the same set of issues over the next 20 years.
- Health and safety and sustainability reporting are the two areas in which respondents believe business has made the most significant progress over the past 20 years.
- Looking to the future for these two areas, respondents believe that sustainability reporting will be the area in which business can make the most progress. While there is a belief that health and safety will continue to see progress, it is not to the same degree.
- Water is one of the issues in which respondents believe business has made the least progress over the past 20 years. However, when looking to the next 20 years, it is believed to be one of the issues in which business will make the most progress.
- Two of the areas in which respondents believe business has made the least progress—sustainable consumption and public policy—are two areas that appear to be the greatest challenges. Relative to the other issues, less progress on sustainable consumption and public policy is predicted to be made over the next 20 years.

# Past Progress on Sustainability

All respondents, 2012

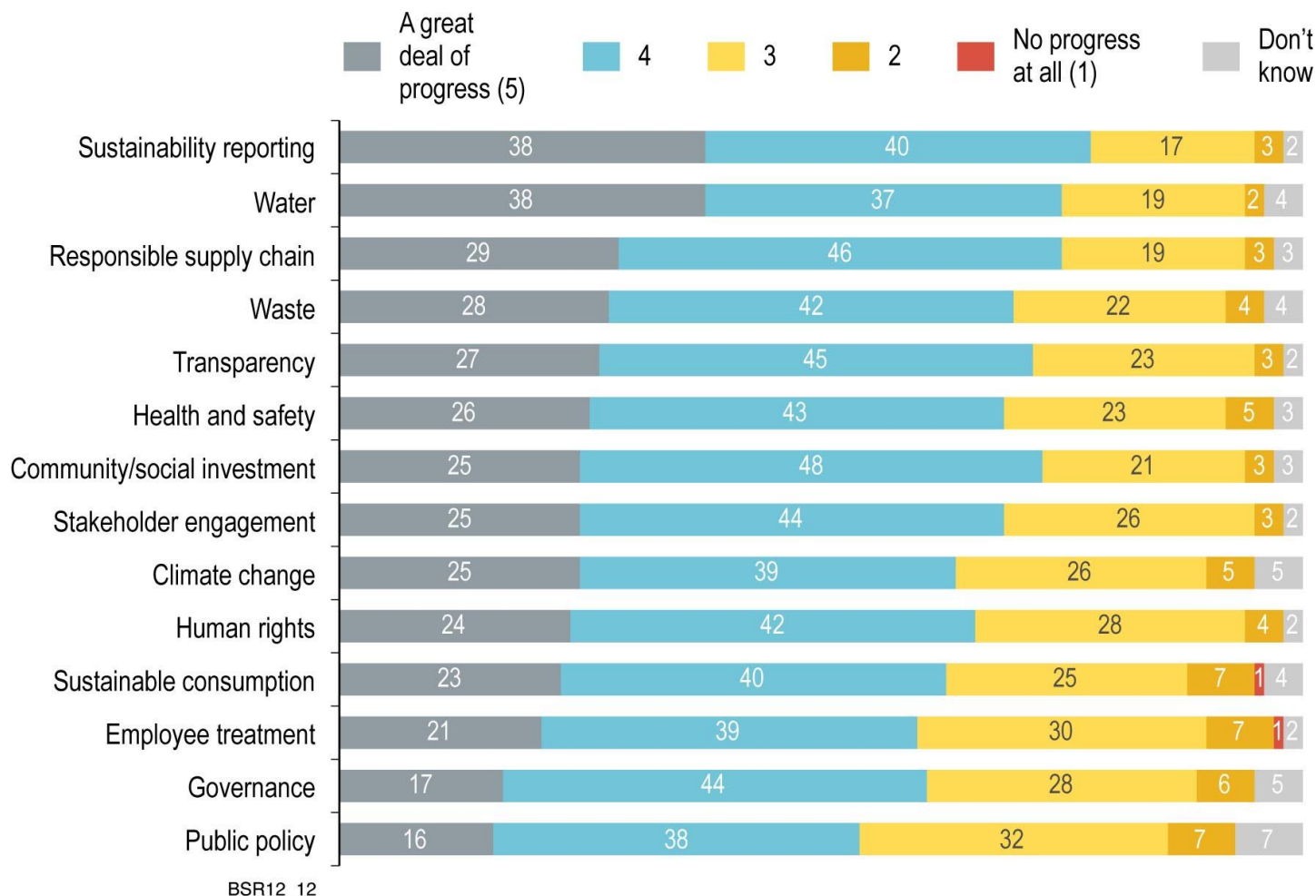


BSR12\_11

11. How much progress, if any, do you think business has made over the last 20 years on the following elements of sustainability? Please use a 5-point scale, where 1 means "no progress at all" and 5 means "a great deal of progress."

# Future Progress on Sustainability

All respondents, 2012

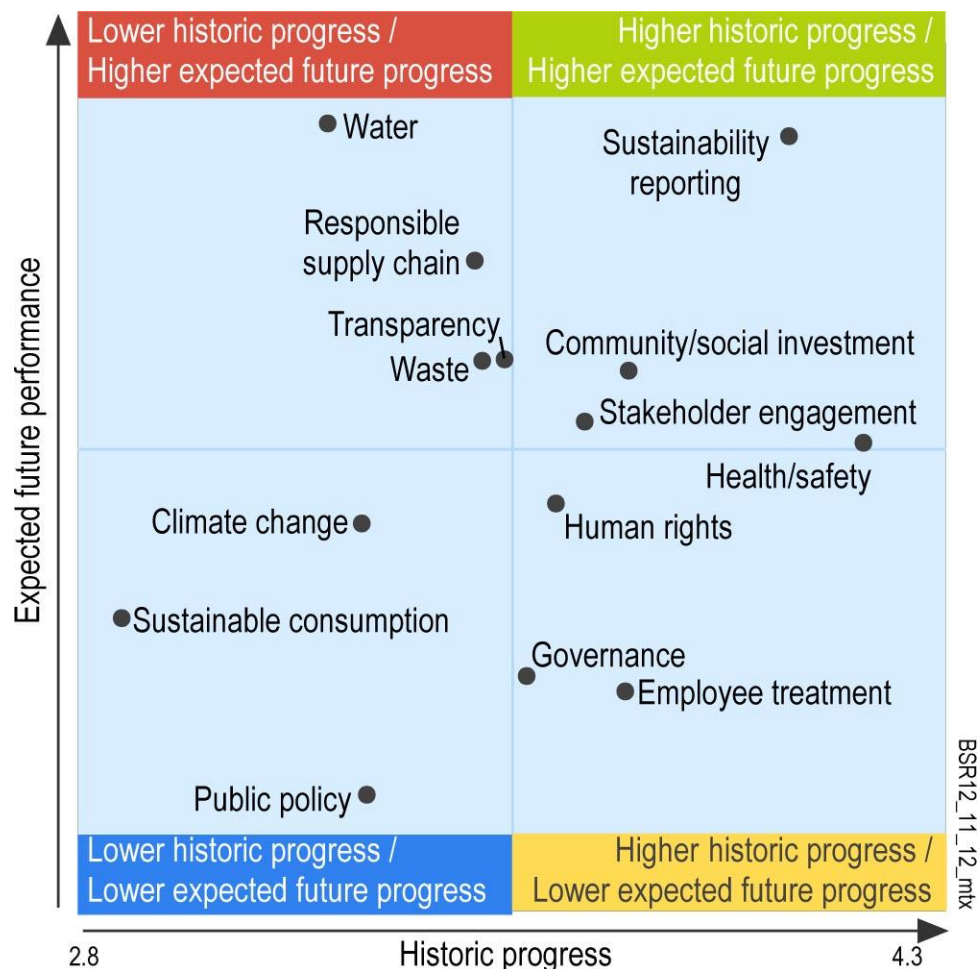


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12. And, how much progress, if any, do you think business will make over the next 20 years on the following elements of sustainability? Please use a 5-point scale, where 1 means “no progress at all” and 5 means “a great deal of progress.”

# Past & Future Progress on Sustainability

All respondents, 2012



The chart highlights that while water is an issue where, over the past 20 years, a lower level of progress is perceived to have occurred, it is the area where the greatest progress is expected to occur over the next 20 years.

Alternatively, while progress on sustainable consumption over the past 20 years is perceived to have been relatively low compared to other areas, expectations are lower that progress will be made over the next 20 years.

## Historic progress

11. How much progress, if any, do you think business has made over the last 20 years on the following elements of sustainability?

## Expected future performance

12. And, how much progress, if any, do you think business will make over the next 20 years on the following elements of sustainability?



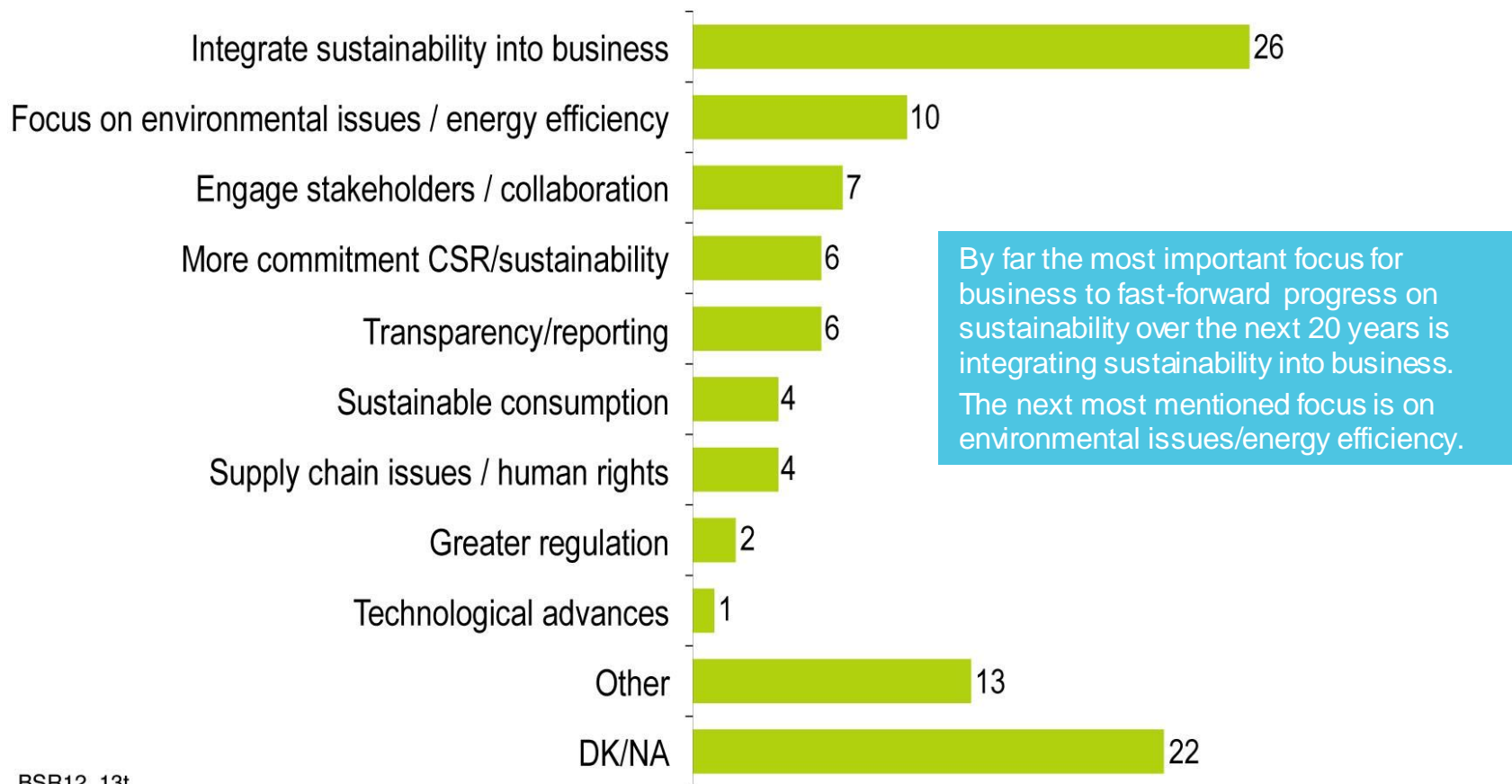
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This plot point on this chart use the mean scores (5-point scale) for each area from questions 11 and 12.



# Most Important Focus for Business to Fast-Forward Progress on Sustainability in Next 20 Years

Unprompted,\* 2012



BSR12\_13t

# Most Important Focus for Business to Fast-Forward Progress on Sustainability in Next 20 Years

“A new business model that includes sustainability not as a specialty but embedded in the business formula.”

*Examples of comments related to integrating sustainability into business*

“Deep cultural shift within companies by embedding measurable sustainability metrics into the job description of everyone in the company, and integrating reporting.”

## Integrating sustainability into business

“Business needs to completely incorporate sustainability as a way of doing business. Much like ethics or total quality management, it needs to permeate every decision and every part of the operation so that it becomes an unavoidable path to long term success.”

“The integration of sustainability initiatives with overall financial performance of the company and market value of the company. If these can be linked, sustainability initiatives will progress at a much faster speed.”

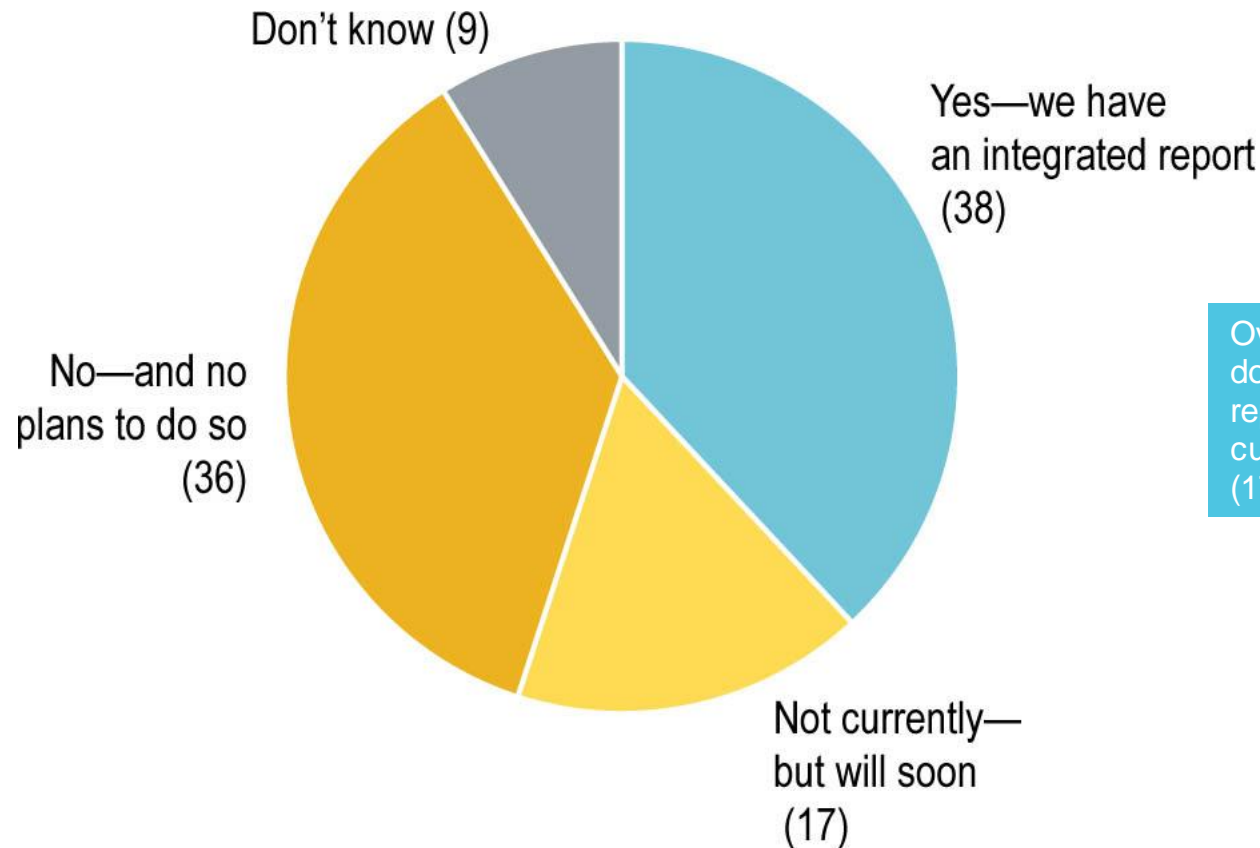
“Engaging all parts of the business in sustainability. Standalone sustainability department has an important role to play—but in reality cannot deliver real change alone.”

Q13. Thinking about the next 20 years, what do you think businesses need to focus on the most in order to fast-forward progress on sustainability?



# Integration of Sustainability Reporting

All respondents, 2012



Over half report that their company does not integrate sustainability reporting into its annual report currently. However, nearly a fifth (17 percent) plan to do so soon.

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10. Does your company currently integrate its sustainability reporting with its annual report?



# Methodology

# Methodology

- The BSR/GlobeScan State of Sustainable Business Poll 2012 was conducted between September 6–24, 2012.
- A total of 556 professionals from BSR member organizations completed the survey.
- Unless otherwise noted, figures in charts refer to percentage of respondents.
- The sample population was comprised of representatives from business, NGOs, government, and academia, representing Africa, Asia/Pacific, Europe, Latin America, and North America.

## Sample Breakdown

### Region

North America	51%
Europe	25%
Other regions	24%

### Job Level

Vice President or above	14%
Director	24%
Manager or below	54%
Other	8%



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