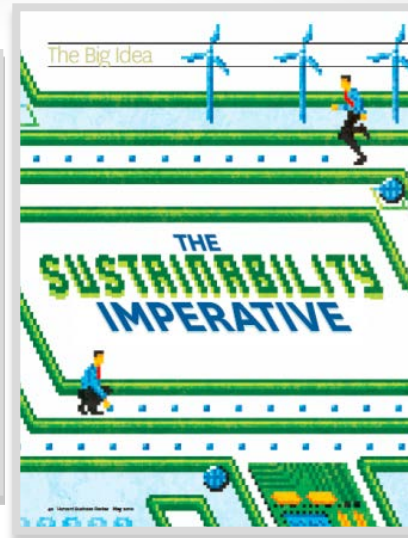


THE BUSINESS CASE FOR SUSTAINABILITY: *WHAT'S NEW?*

Toronto Sustainability Speaker Series
June 14, 2012



“Over the last 10 years
the ‘**Sustainability Imperative**’ has emerged,
magnified by escalating public and governmental concern
about **climate change**, **industrial pollution**, **food safety**,
and **natural resource depletion**,
among other issues.”



“Capitalism is under siege ...
**The purpose of a business must be redefined
around creating shared value (CSV)...**
How to **reinvent capitalism**—and
unleash a wave of innovation and growth”

SUSTAINABILITY JOURNEY



5. PURPOSE & PASSION

4. INTEGRATED STRATEGY

3. Beyond Compliance

2. Compliance

1. Pre-Compliance



STRATEGIES VS. ANOTHER GOAL

Profit

Share price

Growth

Revenue

Market share

Expenses



Talent wars

Productivity

Innovation

Brand image

Quality

Compliance

Supply security

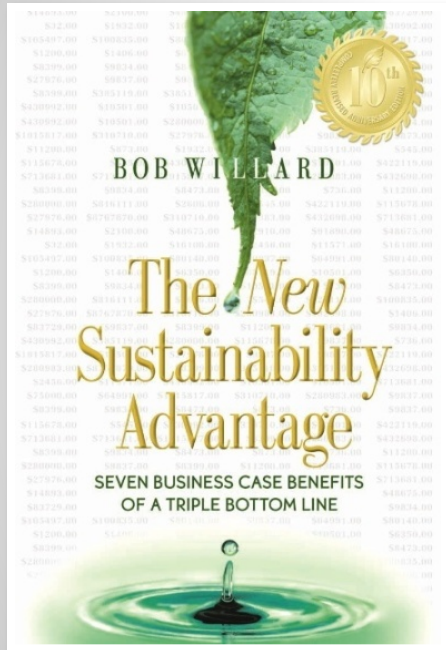
~~“SUSTAINABILITY”~~



SUSTAINABILITY STRATEGIES



MORE RIGOROUS BUSINESS CASE



95% rewrite;
recalibrated

Benefits

Strategies

1. Increased revenue

3

2. Reduced energy

10

3. Reduced waste

4

4. Reduced materials

4

5. Increased productivity

6

6. Reduced turnover

1

7. Risks to revenue
and expenses

7
+7

MORE COMPELLING BUSINESS CASE

Opportunities

Income Statement

Risks

1. Increased revenue

9%

Revenue

2. Reduced energy

75%

3. Reduced waste

20%

4. Reduced materials

10%

5. Increased productivity

2%

6. Reduced turnover

25%

Expenses

7. Reduced revenue and
increased expenses

**SUSTAINABILITY
CAPITAL RESERVE**

**+51 to
+81%**

PROFIT

**-16 to
-36%**

<i>Company Data Profile</i>	<i>Small Professional Services Company</i>	<i>Large Manufacturing & Distribution Corporation</i>
Revenue	\$1,000,000	\$500,000,000
Energy expense	\$20,000	\$10,000,000
Materials and water expense	\$50,000	\$150,000,000
Total salary / payroll expense	\$300,000	\$150,000,000
Profit	\$70,000	\$35,000,000
Average salary	\$50,000	\$40,000
Number of employees	6	3,750

Potential profit increase

51%

81%

Potential profit at risk

-16%

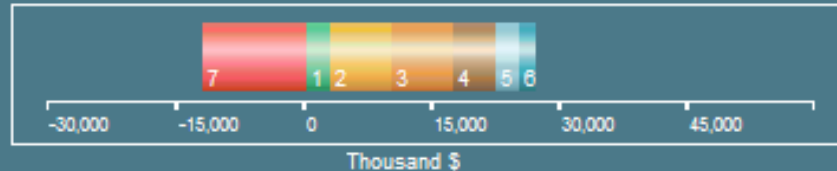
-36%

DASHBOARD

% Avoided
Risk to Profit

- 3 6

Relative Contribution of Each Benefit to Overall Profit Improvement



8 0

% Potential
Profit Improvement

Step 2. Estimate Potential Improvements

BENEFIT AREAS	%Change	
1. Increased revenue	▼	9%
% additional revenue from a more sustainable brand		
0	<input type="range"/>	20
		5%
% new revenue from new green products		
0	<input type="range"/>	20
		2%
% new revenue from services and leasing		
0	<input type="range"/>	20
		2%
2. Reduced energy expenses	▼	75%
3. Reduced waste expenses	▼	20%
4. Reduced materials and water expenses	▼	10%
5. Increased employee productivity	▼	9%

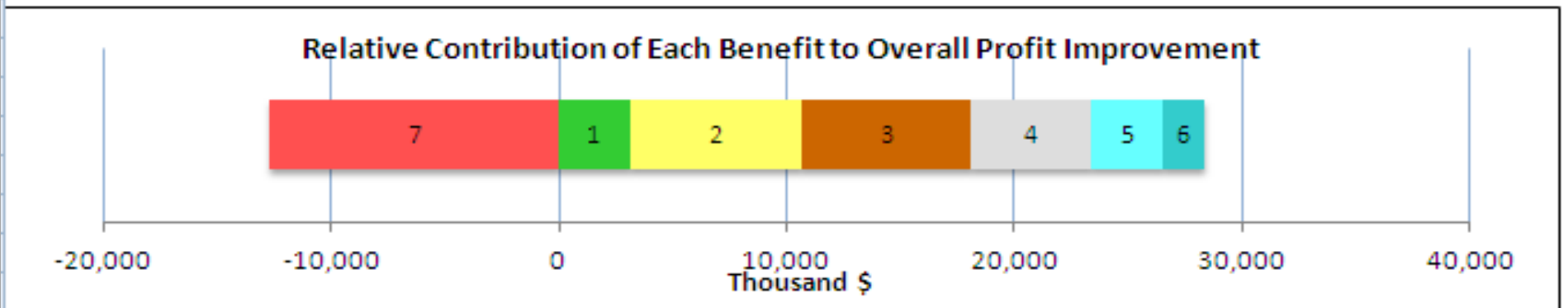
Step 3. Watch the Profits Improve

BENEFIT AREAS	Annual Benefit	Profit Increase
1. Increased revenue	\$45,000,000	\$3,150,000
2. Reduced energy expenses	\$7,500,000	\$7,500,000
3. Reduced waste expenses	\$7,500,000	\$7,500,000
4. Reduced materials and water expenses	\$5,250,000	\$5,250,000
5. Increased employee productivity	\$3,000,000	\$3,000,000
6. Reduced employee attrition expenses	\$1,800,000	\$1,800,000
7. Avoided risk to profit	-36%	\$12,600,000
Potential profit improvement	80%	\$28,200,000
Sustainability Capital Reserve, for more projects		\$12,750,000

WORKSHEETS

TOTAL BOTTOM-LINE BENEFITS

<i>Summary of Potential Benefits</i>	<i>Percentage Improvement in 3 to 5 Years</i>	<i>Annual Benefit</i>	<i>Annual Profit Increase</i>
1. Increased revenue	9%	\$45,000,000	\$3,150,000
2. Reduced energy expenses	75%	\$7,500,000	\$7,500,000
3. Reduced waste expenses	20%	\$7,500,000	\$7,500,000
4. Reduced materials and water expenses	10%	\$5,250,000	\$5,250,000
5. Increased employee productivity	2%	\$3,150,000	\$3,150,000
6. Reduced attrition expenses	25%	\$1,800,000	\$1,800,000
7. Avoided risk to profit	-36%		-\$12,655,000
Potential profit improvement	81%		\$28,350,000
Sustainability Capital Reserve, for more projects			\$12,750,000



SLIDES

Sustainability Advantage Slides

Table of Contents	Slide #s
Typical presentation on the business case for sustainability	3-47
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Backup on current status, trends, drivers, and obs	---
Backup on relevance of sustainability to a compar	---
Backup on Revenue, Energy, Waste, and Material	---
Backup on Productivity and Attrition benefits	---
Backup on the avoided risks to revenue	---
Backup on the avoided risks to expenses	---
Backup on the New Economy	---
Typical presentation on leading organizational chang	---
Backup on the 7-Step Change Model	---
Backup on the 7 Leadership Practices and Parad	---
Backup on the 7 Derailers	---

Note that the above hyperlinks are only ac

Version 20, March 20

<http://sustainabilityadvantage.com>

MORE COMPELLING BUSINESS CASE

Opportunities	Income Statement	Risks
1. Increased revenue	9%	Revenue
2. Reduced energy	75%	Expenses
3. Reduced waste	20%	
4. Reduced materials	10%	
5. Increased productivity	2%	
6. Reduced turnover	25%	
SUSTAINABILITY CAPITAL RESERVE	+51 to +81%	PROFIT
		7. Reduced revenue and increased expenses
		-16 to -36%

WHAT'S NEW?

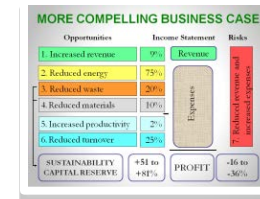
“CSV” and “Sustainability Imperative”



Position as “Strategies” for Stage 4

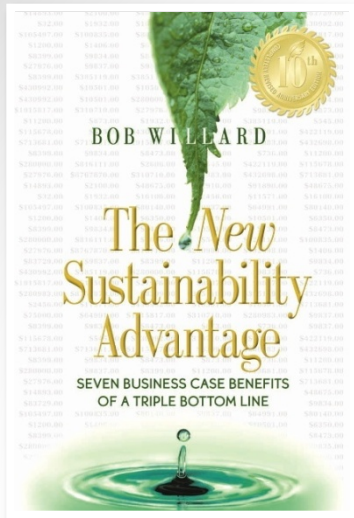


More compelling / rigorous case

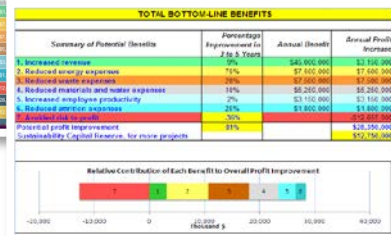


Better business case tools

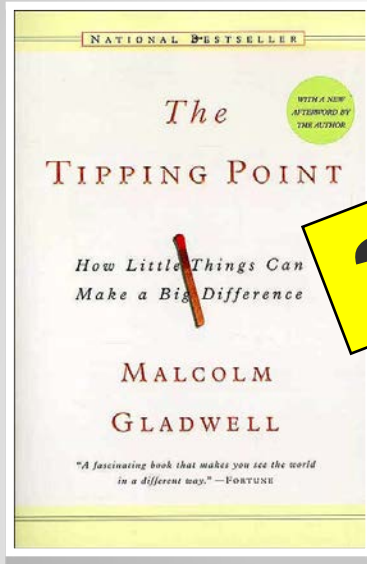




THE BUSINESS CASE FOR SUSTAINABILITY: *WHAT'S NEW?*



CLOSE TO “TIPPING POINT?”



20%

5. PURPOSE & PASSION

4. INTEGRATED STRATEGY

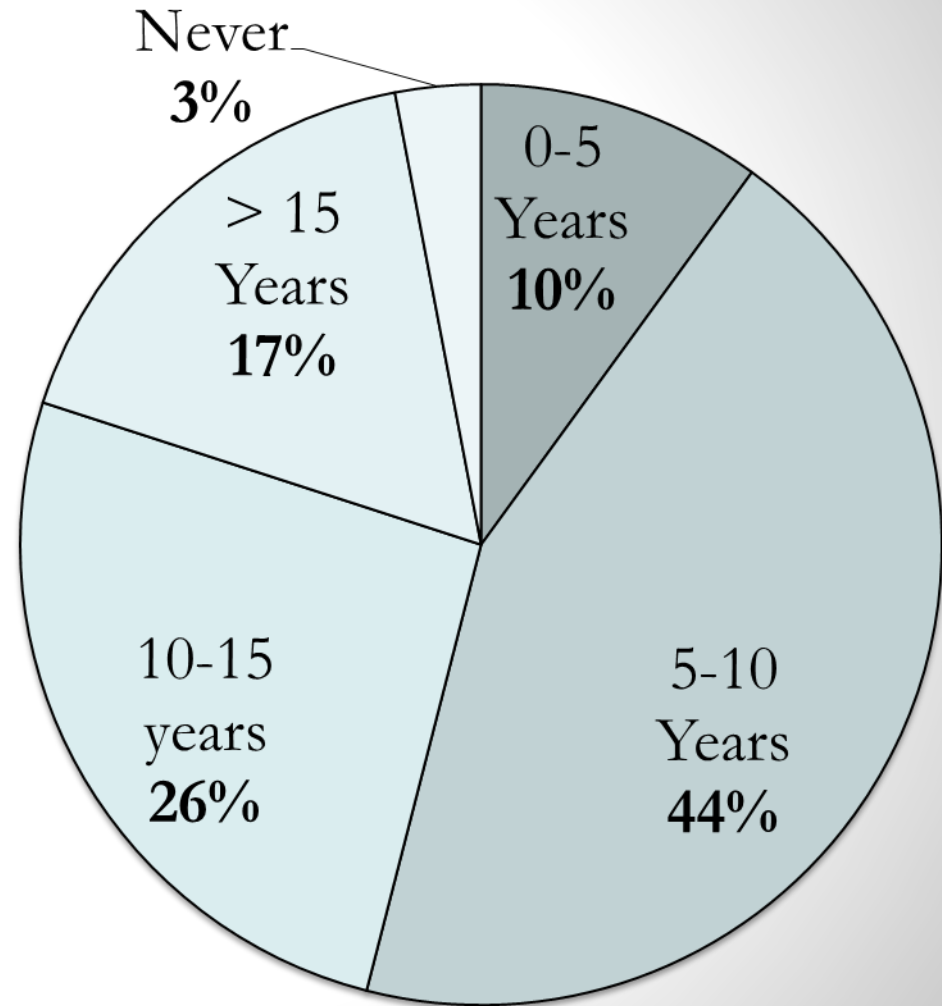
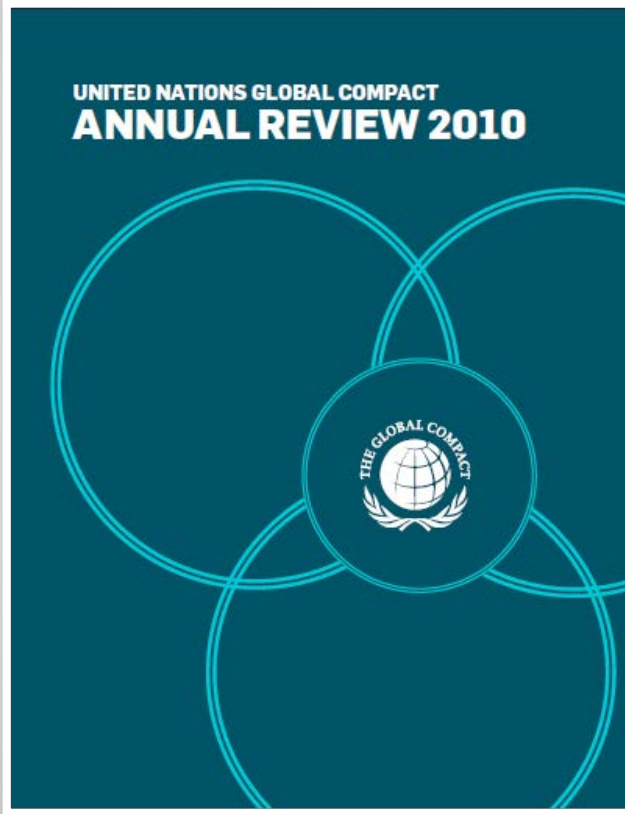
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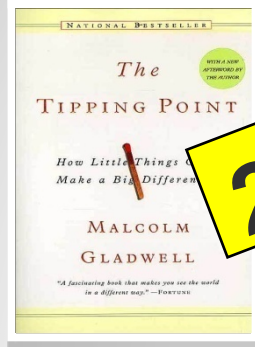


SURVEY SAYS ...



Based on survey of 1,251 companies, in UN Global Compact Annual Review 2010

QUESTION



20%

5. PURPOSE & PASSION

4. INTEGRATED STRATEGY



What are **three ways** that we can use a more compelling and rigorous business case to accelerate the journey to the “Tipping Point?”