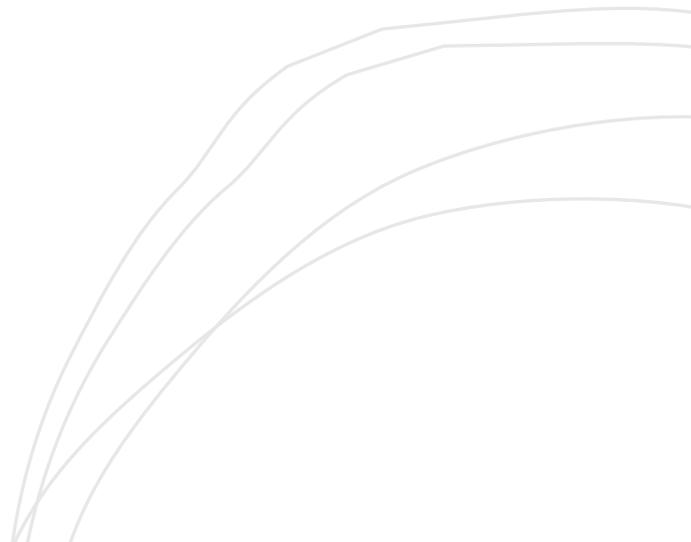




INSIGHT BRIEFING 5

Setting a Long-Term Sustainability Vision.

Issue: Sustainability megaforges are changing the operating conditions in which companies can succeed and thrive. To address these issues and ensure business continuity, leading companies are setting ambitious long-term sustainability visions to guide corporate growth in ways that contribute to a prosperous future for themselves and society.



Corporate Responsibility & Sustainability Institute



About the Corporate Responsibility & Sustainability Institute

The Corporate Responsibility & Sustainability Institute was established by The Conference Board of Canada in 2016 after an extensive consultation revealed the need for a professional body to help practitioners excel in their roles. The Institute brings together business, industry, government, academia, and civil society as partners to envision a sustainable future and identify and address corporate responsibility and sustainability challenges and opportunities. We offer independent research and thought leadership that support collaboration, knowledge transfer, innovation, monitoring, and evaluation of contemporary corporate responsibility and sustainability issues. Our collaborative program of research, education, information dissemination, and engagement accelerates and scales next-generation practices in corporate responsibility and sustainability in Canada.

This briefing was prepared by Coro Strandberg, President of Strandberg Consulting and associate with Canadian Business for Social Responsibility (CBSR). Some sections have been reproduced from CBSR's *The Transformational Company Guide: Quality #5—Long-Term Vision* and from publications by Strandberg Consulting.

Introduction

The Conference Board of Canada's Corporate Responsibility and Sustainability Institute has partnered with Canadian Business for Social Responsibility (CBSR) on an initiative to accelerate and scale corporate responsibility and sustainability across Canada. Together, these organizations are promoting the aspirational qualities to inspire organizations across Canada.

In 2016, CBSR published research into the qualities of a transformational company. A key quality identified in the global research is “long-term vision.”

“Transformational companies commit to an ambitious long-term multi-generational sustainability vision that includes bold goals and a precautionary approach that takes into account the needs of present and future generations, as well as the natural and social systems on which they rely.”¹

Leading companies adopt long-term, often multi-generational, ambitious, overarching, and aspirational quests to guide their sustainability and corporate investments. Their visions go beyond organizational boundaries, current capabilities, and the reach of their products and services—even the foreseeable future and known solutions—to describe an end state, which shows how the company will contribute to a future sustainable society.

To move toward their visions, companies adopt long-term stretch targets that require a response beyond business as usual. They set shorter-term commitments to operationalize the steps to achieving their ambition. Frontier companies adopt what is called context- or science-based goals, which address corporate performance against the carrying capacity of real-world social and natural resources.

They understand and set targets that ensure they do not exceed environmental and social boundaries, thresholds, norms, and limits. In 2015, the UN's 193 member companies adopted the Sustainable Development Goals. They represent an unprecedented international consensus on the level of progress needed at the global level. Breakthrough companies are now setting their level of ambition based on the aspirations of these global goals and defining what is a “reasonable share” for their company, depending on their industry, geographic location, and size.

Leaders also commit to a precautionary approach, an internationally recognized concept that stipulates that precautions should be taken when the effects of a product or action are unknown, especially when there is the possibility of irreversible damage. This principle informs their sustainability vision and investments, as does an understanding of how the company relies on, improves, destroys, or changes human, social, or natural capital in how it conducts its business. These sensitivities, which inform the company's vision and strategy, put the company on a course to realize a sustainable future for itself and society.

¹ Canadian Business for Social Responsibility, *The Transformational Company Guide: Quality #5—Long-Term Vision* (Toronto: CBSR, 2015).

Drivers and Benefits

The prospect of nearly 9 billion people on the planet by 2030 is driving leaders to retool their business models to enable their long-term growth and prosperity—and the sustainability of their operating environments. They realize that stable and prosperous societies are essential pre-conditions for business success and that, to succeed, their supply chains and industry must equally advance.

To navigate this complex and changing sustainability terrain, companies need a north star to guide their investments. Having a compelling beacon or quest operationalized through meaningful, bold, and measurable goals signals to stakeholders the company's commitments and aspirations. The following are some of the business benefits that visionary companies anticipate to spur their progress and satisfy shareholders:

- mobilized employees and deepened customer relationships
- developed sustainable innovation as an engine of growth
- strengthened social licence to operate and grow
- sustained access to scarce resources and a loyal supplier base

By declaring their aspirations and goals, business leaders and their workforces can orchestrate the resources, know-how, and capital to put the firm and society on a sustainable path.

Developing Your Vision Story

Research shows that leading companies don't just adopt a vision *statement*, they adopt a vision *story*. Their vision stories address the following:

- the long-term sustainability megaforges that will affect the business and its customers and the risks and opportunities that arise (i.e., the drivers and the business case);
- the ways in which the company seeks to adapt to—and influence—the sustainability trends;
- the vision, what the company means by the vision, and why it is important to the company, its customers, and society.

Here are some aspirational aims that leading companies pursue in their vision stories:

- enable its customers' future "sustainability";
- decouple the company's growth from its environmental impacts, while increasing the company's positive benefits as it grows;
- have zero negative impacts and become net positive or restorative;
- build sustainability into all its products—its products become sustainability solutions;
- influence or transform the sustainability of its industry, its customers, and its value chain up- and downstream of its operations;
- go beyond incremental approaches to transformational approaches, focusing on the role of business in society;
- pursue solutions by influencing the sustainability megaforges that will affect the business, its value chain, and its customers.

Some companies adopt these visions as their overall corporate vision, while others maintain these separately. Those that embed their sustainability aspiration in their overall company ambition demonstrate the quality of a “social purpose company.”² A unifying theme of many company vision stories is the intent to not just mitigate or manage sustainability risks, but to influence and avert them in pursuit of a sustainable and harmonious future for society and business.

To develop your organization’s vision, consider following these three steps. Ask yourself these sequential questions and pull them into your own vision story:

1. **Megaforces:** What long-term sustainability megaforces will affect my business, customers, suppliers, and operating environment over the next 5 to 10 years?
2. **Influence:** How can my company adapt to and influence these sustainability forces in a positive way?
3. **Ambition:** Given these factors, what long-term sustainability quest should we adopt and why is this important to my company, customers, and broader society?

Sample Vision Approaches

Kingfisher: “We aspire to have a Net Positive impact—helping our customers to create sustainable homes, transforming our business to be restorative to the environment, and improving life in the communities where we operate and in our supply chain.”³

LafargeHolcim: “We will lead through innovation and develop products, services, and solutions with enhanced environmental and social performance. We will be a thought-leader in our sector and drive transformation along the construction value chain. We will identify, promote, and reward the most progressive thinking in the construction industry via the LafargeHolcim Foundation for Sustainable Construction.”⁴

Dow: Dow is aiming to “redefine the role of business in society.” Its ambitious goals include:

- developing a societal blueprint that integrates public policy solutions, science and technology, and value chain innovation to facilitate the transition to a sustainable planet and society;
- delivering breakthrough innovations;
- advancing a circular economy;
- valuing nature;
- increasing confidence in chemical technology;
- having world-leading operations performance;
- engaging employees for impact.⁵

2 For more information, see The Conference Board of Canada, *The Social Purpose Company* (Ottawa: The Conference Board of Canada, 2017).

3 Kingfisher, *This Is Personal: Sustainability Report 2015/16* (London: Kingfisher plc., 2016).

4 LafargeHolcim, *The 2030 Plan: The LafargeHolcim Sustainability Strategy* (Jona, Switzerland: LafargeHolcim, 2016).

5 The Dow Chemical Company, *Dow Launches 2025 Sustainability Goals to Help Redefine the Role of Business in Society*, news release, April 15, 2015.

Shifts in Sustainability Visions

Leading companies are transitioning from incremental sustainability measures to bold, visionary goals. Table 1 shows the shifts undertaken by these pioneering companies as they scale and accelerate their sustainability investments.

Table 1
Sustainability Transitions of Visionary Companies

From	To
Operational focus on sustainability	Value chain and external focus
Incremental changes and modest improvements	Bold action and accelerated systemic change at scale
Improving today's business model	Setting a course to become a truly sustainable company in the future
Tinkering with the business value proposition	Disrupting its own business model before the competition
Focusing on internal projects	Rethinking and transforming their entire industry
Independent effort on internal projects	Collaboration to influence standards and government policy to drive innovation in their sector

Source: The Conference Board of Canada; Strandberg Consulting.

Resources

The Qualities of a Transformational Company Website and How-To Guide

Published by Canadian Business for Social Responsibility, these resources profile the 19 qualities that business will need to scale and accelerate sustainability and corporate social responsibility and create business and societal value.

<http://cbsr.ca/transformationalcompany/>

The Science Based Targets Initiative

The Science Based Targets Initiative is a partnership between CDP (Carbon Disclosure Project), UN Global Compact, World Resources Institute (WRI), and World Wildlife Fund (WWF) that helps companies determine how much they must cut emissions to prevent the worst impacts of climate change. Targets adopted by companies to reduce greenhouse gas emissions are considered “science based” if they are in line with the level of decarbonization required to keep the global temperature increase below 2 degrees Celsius compared with pre-industrial temperatures.

<http://sciencebasedtargets.org/>

Transformational Quality #5 Long-Term Vision

This is a five-page summary on the importance of setting long-term sustainability visions. It includes case studies, suggestions on how to get started, and additional resources.

<http://cbsr.ca/transformationalcompany/wp-content/uploads/2015/11/5-long-term-vision.pdf>

The Road to Context Guide

The Road to Context guide, produced by the Embedding Project, outlines the key methodologies, frameworks, tools, and ideas to help companies determine their sustainability context in order to set relevant, visionary, ambitious, long-term corporate goals. The guide is supplemented with case studies of companies applying “sustainability context” concepts, which provide practical application of the guide’s content.

<https://embeddingproject.org/resources/pathway/plan/practice/strategy/the-road-to-context>

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