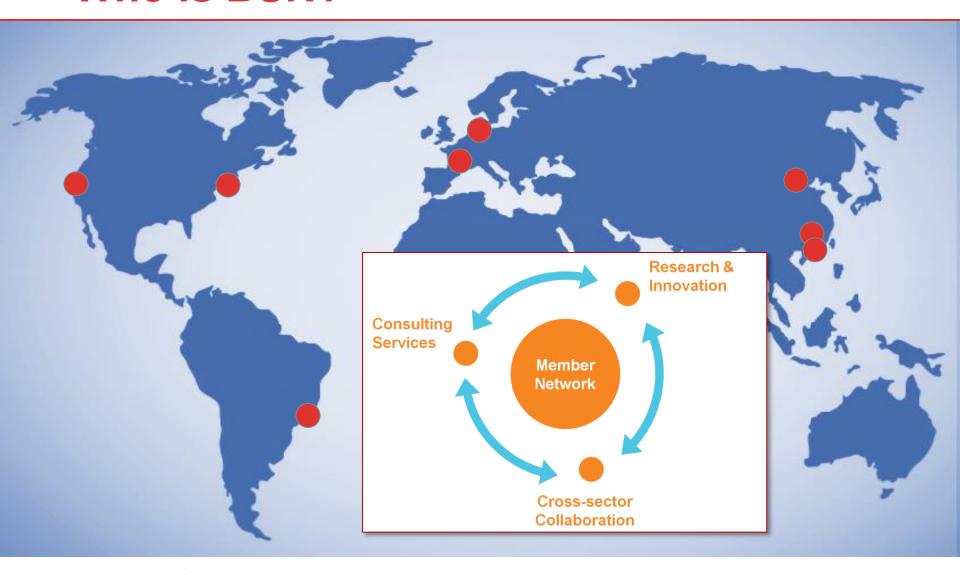


Sustainability: Redefining Leadership in a Changing World

National Coffee Association

March 23, 2012

Who is BSR?



BSR works with business to create a just and sustainable world

- 300 members
- Projects in 70 countries

- 8 offices
- 120 staff



Who Else is in the Room?

- Show of hands how many of you are in
 - -CSR
 - Purchasing
 - Sales & Marketing
 - -Other?



Before We Start: Defining Terminology

- Corporate Social Responsibility (CSR)
- Corporate Responsibility (CR)
- Corporate Citizenship
- Sustainability

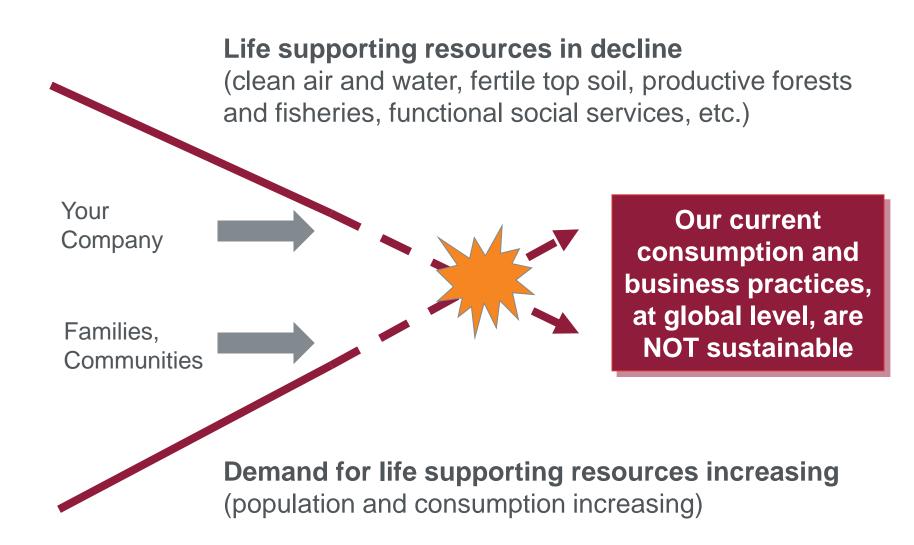
We will use these interchangeably



Setting The Context



Sustainability: The Big Picture





Global Symptoms



- Energy Security
- Climate change
- Biodiversity loss
- Economic well-being
- Education gap
- Health threats
- Human rights
- Water scarcity



A Brave New Operating Environment

Wild weather: Climate change and related environmental, social, and economic consequences

Hyper-transparency: Increased visibility and awareness of total value chain impacts – "Wikileaks for business"

Acceleration: High rate of change in social norms and consumer demands; rapid innovation and technological adaptation;

Fragmentation: Uncertain patchwork of local, national, regional and global policy making

Governance revolution: Continued low trust in corporations and governments; new organizations and loose coalitions challenge status quo – "hactivism"

Multi-polar world: Breakdown of Washington consensus, regional blocs, rise of the Global South

Unprecedented levels and scope of

- Volatility
- Uncertainty
- Complexity



What Specific Impacts on Business?





- Revenue and cost impacts of social dislocation & market disruptions
- Lost revenue due to quality concerns
- Brand and reputation risk and loss of control
- Increased management cost/complexity

And

New markets and products!



Quick Poll

- What were the top sustainability "headlines" for your company in 2012?
- What do you expect in 2013?



What Does Leadership Look Like?



"Leadership in business looks very different in today's, global, integrated, digital and transparent world. Business aims to deliver more than just rising share prices, and faces a more diverse array of questions than ever before. Meeting these challenges requires finding the right balance of flexibility and commitment, listening and communicating, and a global view that respects diversity. What's more, leadership today must be earned and renewed daily."

- BSR 2010/2011 Report



Most Important Leadership Challenges

Combined Mentions, 2011



Source: BSR/Globescan 2011



Redefining Leadership

Four dimensions of leadership are essential for everyone in business to provide the best path to a meaningful difference for all companies and our wider world. Business as usual—or leadership as usual—won't make it happen.

Set Ambitious Targets

Leaders **adopt ambitious targets** and inspire other businesses to do the same. Many CEOs are taking personal responsibility for these goals.

Listen to New Perspectives

Solving tomorrow's challenges requires **engaging with non-traditional partners in all parts of the world**: "there are a lot of smart people in the world, and most of them don't work for me"

Address "Systemic" Issues

A sustainable economy depends on the right social, financial, and policy infrastructures. Businesses need to collaborate to find systemic solutions to complex global challenges.

Anticipate the Future

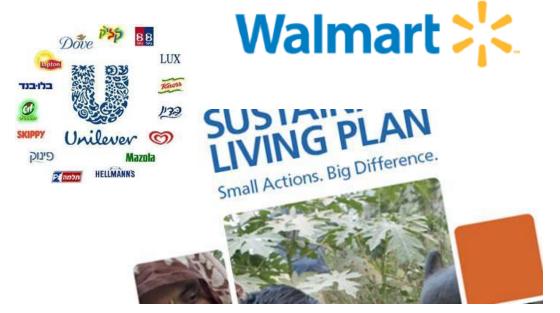
We need leaders who anticipate the future—leaders who question assumptions and **pay more attention to long-term trends** than short-term fluctuations.



1. Set Ambitious Targets











Walmart Example

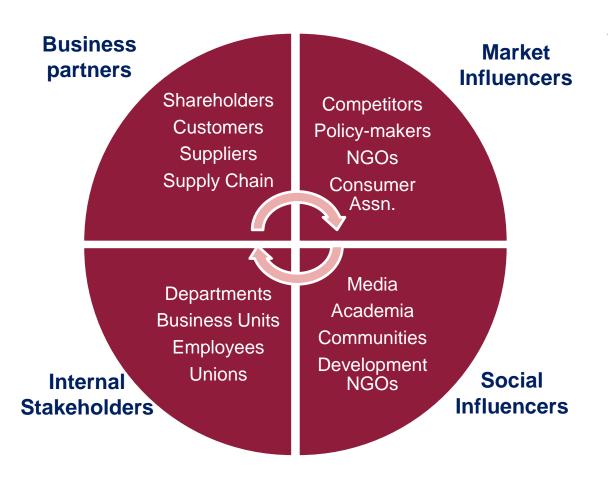


- Highly visible and personal leadership from CEO sets bold objectives and inspires support both within and outside the Company
- Launched most ambitious supply chain energy program ever in 2008, committed to removing 20 million metric tons of GHGs from its global supply chain
- Unprecedented external engagement with business partners, universities and NGOs has amplified impact of Company efforts to achieve "systemic" impact
- Broad internal engagement linked to sustainability performance measures and directly integrated into business units
- Innovative Personal Sustainability Plan (PSP) program involves and inspires employees across the entire organization
- Highest ranking on Carbon Disclosure Project Leadership Index for industry





2. Listen to New Perspectives



New Dynamics in Stakeholder Engagement

- 24/7 news and Social Media
- Sustainability/CSR as an engine for innovation
- Transparency and collaboration are baseline expectations
- Global cultural perspectives





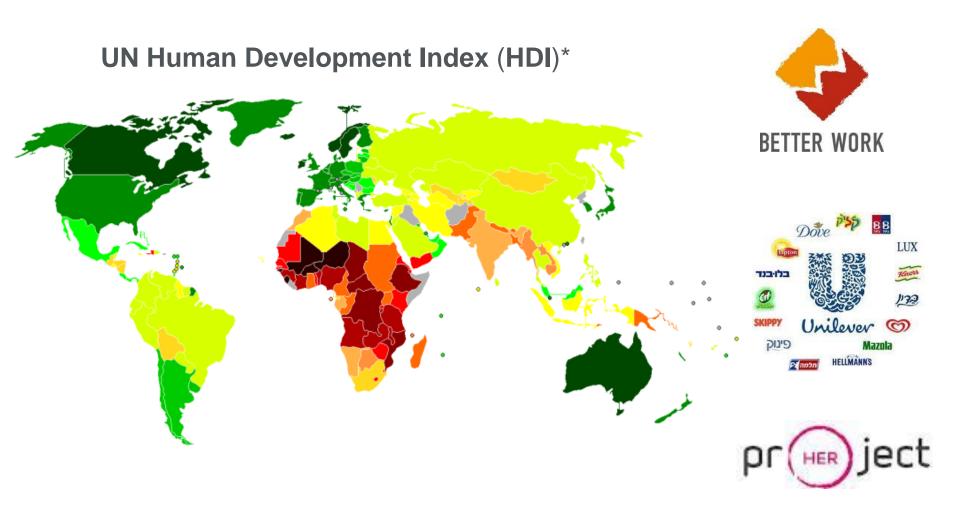








3. Invest in Systemic Solutions





^{*} A comparative measure of <u>life expectancy</u>, <u>literacy</u>, <u>education</u>, and <u>standard of living</u> for countries worldwide. It is a standard means of <u>measuring well-being</u>, especially child <u>welfare</u>.

4. Anticipate the Future



















- Look out beyond 3-5 years and integrate into planning: Sustainability Outlook and Maersk
- Adopt innovation/venture capital approach: Best Buy
- Reduce exposure: Walmart supply chain efficiency and fuels initiatives
- Engage / embrace "open innovation": OpenIDEO, Nokia Labs, Nike/Green Xchange, Greentouch
- Integrate sustainability factors into risk management: CERES, Coca-cola



Thank You!

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