



BSR®

The Business of a Better World



State of Sustainable Business Poll 2011

November 2, 2011

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A leader in corporate responsibility since 1992, BSR works with its global network of more than 250 member companies to develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. With six offices in Asia, Europe, and North America, BSR uses its expertise in the environment, human rights, economic development, and governance and accountability to guide global companies toward creating a just and sustainable world. Visit www.bsr.org for more information.

About GlobeScan

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Survey Highlights

- The most important leadership challenge facing business today is the **integration of sustainability into core business functions**, followed by convincing investors about the value of sustainability and planning for the long term.
- **The communications function** within companies is the most engaged with the CSR/sustainability department. **Investor relations, HR, and R&D/product development** are significantly less engaged.
- **Innovating for sustainability** continues to be important for both business success and improving trust in business.
- **Convincing investors about the value of sustainability** is an important leadership challenge, yet increasing proportions of companies—now four in 10—report that they measure the ROI of CSR/sustainability initiatives.

Executive Summary

Executive Summary

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

- Almost two thirds of respondents selected this as the *most significant* challenge, followed by convincing investors that sustainability enhances value, and planning for the long term (both mentioned by 30 percent).

The communications functions within companies are the most engaged with the CSR/sustainability department. Investor relations, HR, and R&D/product development are significantly less engaged.

- Alignment and integration across businesses seems to be halfway there—while some key functions such as communications, public affairs, and supply chain are highly engaged with CSR/sustainability colleagues, very few companies report high levels of engagement from finance, HR, investor relations, R&D, and even marketing.
- Given that innovating for sustainability is highlighted as important for business success and improving trust in business, the lower level of engagement from the R&D functions with CSR/sustainability is a challenge.
- Convincing investors about the value of sustainability is an important leadership challenge, and the lower degree of engagement of investor relations and finance with the CSR/sustainability function is perhaps a contributing factor to this challenge.

Executive Summary

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

- Compared to 2010, the focus of sustainability efforts appears to be much the same. Workers' rights and human rights are considered to be the most urgent priorities for businesses' sustainability efforts. The only issue with a significant increase in the proportion mentioning it as a very significant priority is water availability/quality.

Respondents continue to be **optimistic that sustainability will be an integral part of global business** as well as their organization's strategy in the near future.

- Eighty-four percent of respondents are optimistic that global business will embrace CSR/sustainability as part of their core strategy over the next five years, remaining on par with previous years.
- Measuring the return on investment of CSR/sustainability efforts is not yet a majority practice; but in 2011, almost four-in-10 respondents say that their organization does this, compared to three-in-10 in 2009.

Executive Summary

Despite most seeing CSR/sustainability as integral to the global business agenda, respondents **expect activities in most areas of their organization's CSR program will remain the same in the coming year.**

- CSR/sustainability communications (both internal and external) are again predicted to increase over the next year. Efforts in most of the other areas (i.e. CEO and board-level engagement, number of staff, demonstrable ROI) are predicted to stay the same.
- With the continuing economic uncertainty respondents clearly appear optimistic that CSR/sustainability activities will not be in line for cuts in 2012.

The belief that the public currently has little trust in business prevails.

- However, as in the previous year, respondents maintain that companies can build trust by increasing their transparency on business practices and by measuring and demonstrating positive social and environmental impacts.
- Innovating for sustainability is overwhelmingly considered to be the most significant driver of overall business success, and along with demonstrating positive social and environmental impacts, is the activity in which respondents believe business is currently showing the most leadership.

Executive Summary

Energy efficiency is clearly the most important focus of businesses' climate strategies.

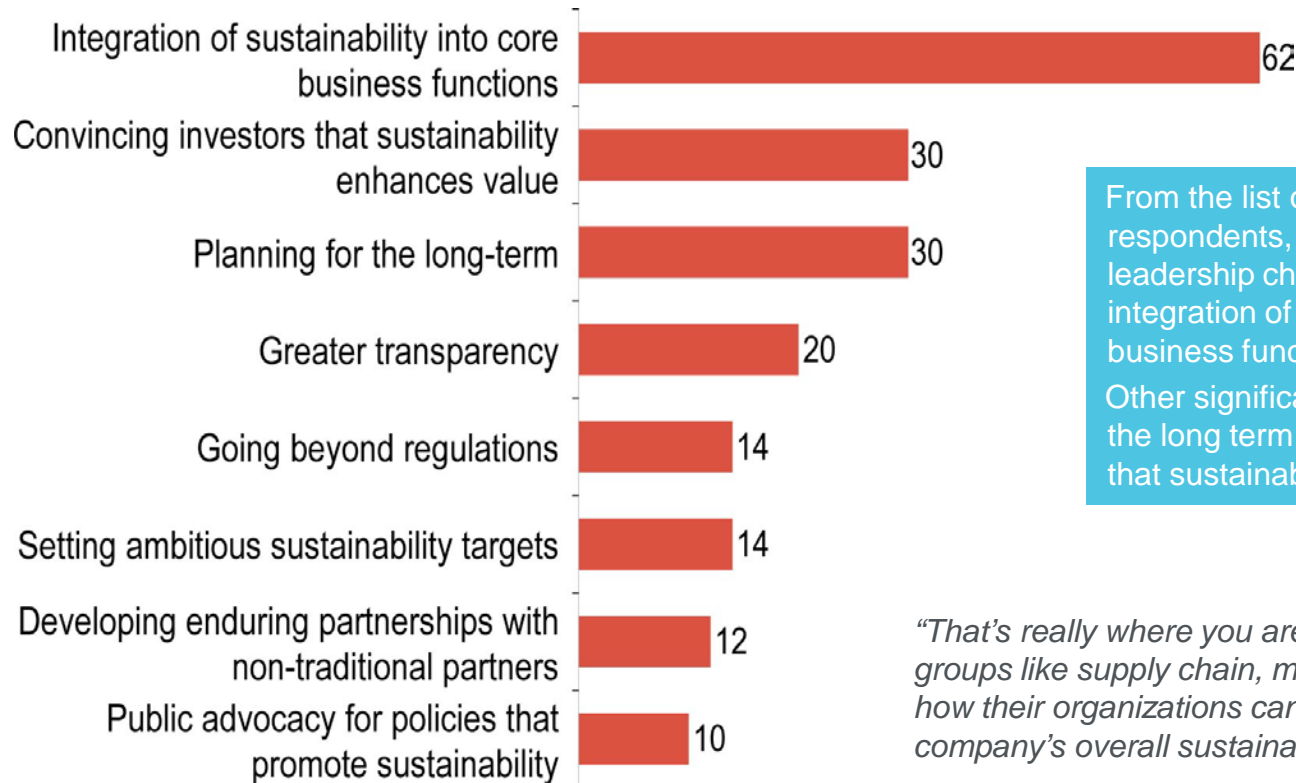
- Short-term financial pressures, competing priorities, and complexity of implementation are considered to be the most significant barriers to organizations doing more to address climate change, similar to both the 2009 and 2010 survey results.

Detailed Findings

Leadership

Most Important Leadership Challenges

Combined Mentions, 2011



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

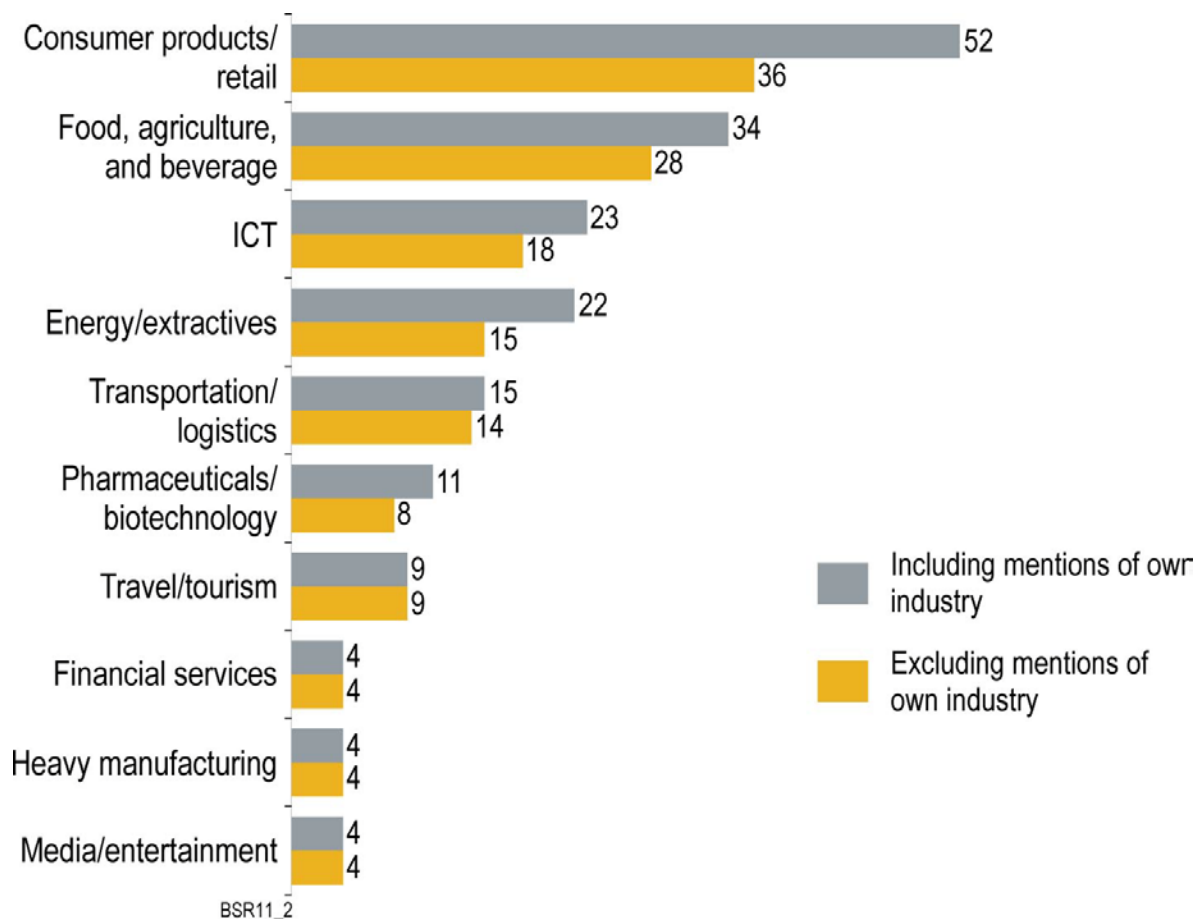
Other significant barriers are planning for the long term and convincing investors that sustainability enhances value.

"That's really where you are seeing a change, that groups like supply chain, marketing, and IT are looking at how their organizations can uniquely contribute to the company's overall sustainability strategy."

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Most Responsible Industries

Combined Mentions, 2011



The two industries that respondents believe have acted most responsibly in terms of their sustainability efforts in the past few years are consumer products/retail (5 percent) and agriculture, food, and beverage (34 percent).

These two industries are also the most mentioned when the results are re-calculated to remove mentions of respondents' own industries.

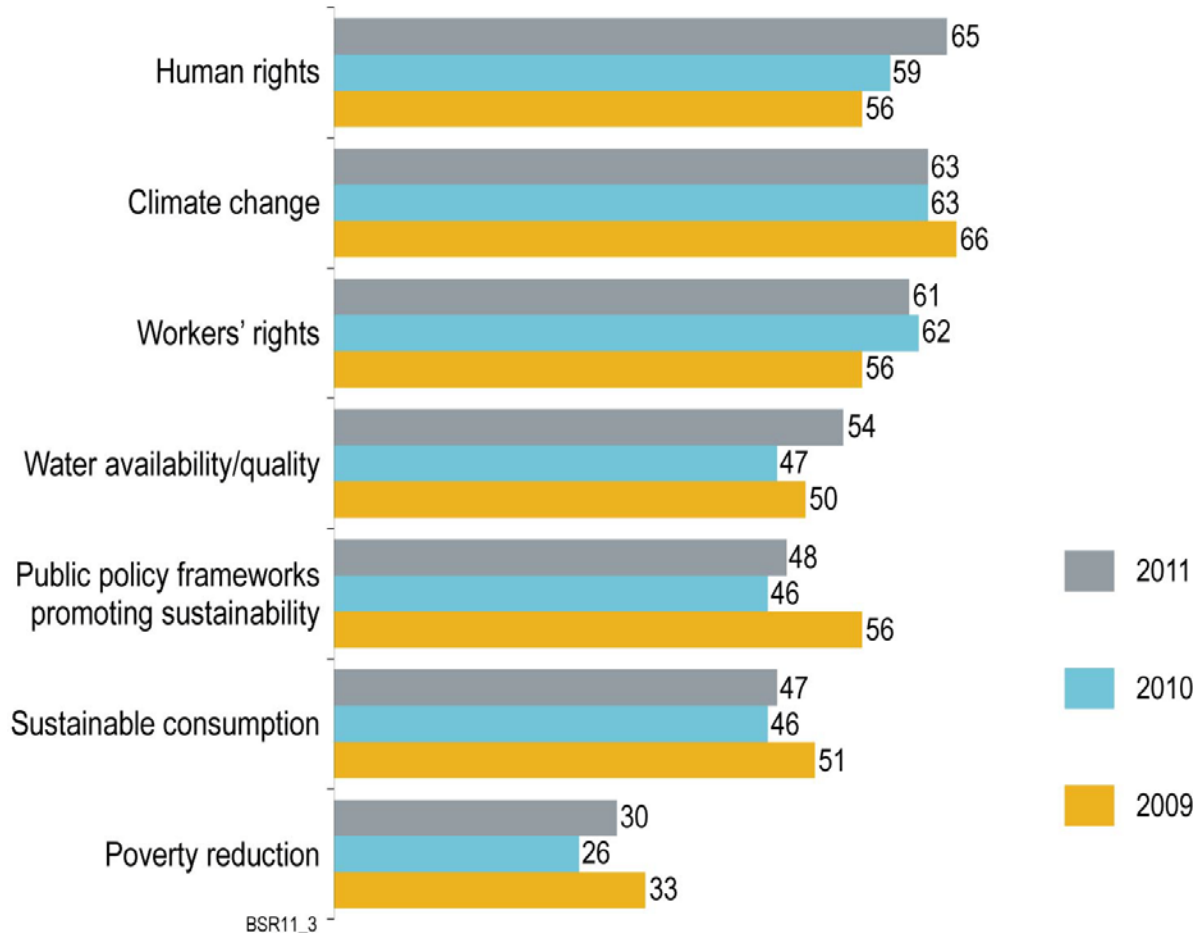
Therefore, despite 30 percent of the respondents being in the consumer products/retail sector, it is recognized as acting the most responsibly by the highest proportion of people in other business sectors.

Q: In your opinion, which of the following industries have acted most responsibly in terms of their CSR/sustainability efforts in the past few years?

CSR/Sustainability Within Organization

Significant Sustainability Priorities

“A Priority (4 and 5),”* 2009–2011



Human rights has seen a gradual increase since 2009 in the proportion saying that it is a priority. Climate change continues to be a priority for organizations' CSR/sustainability efforts, with almost two-thirds of respondents stating it is a priority.

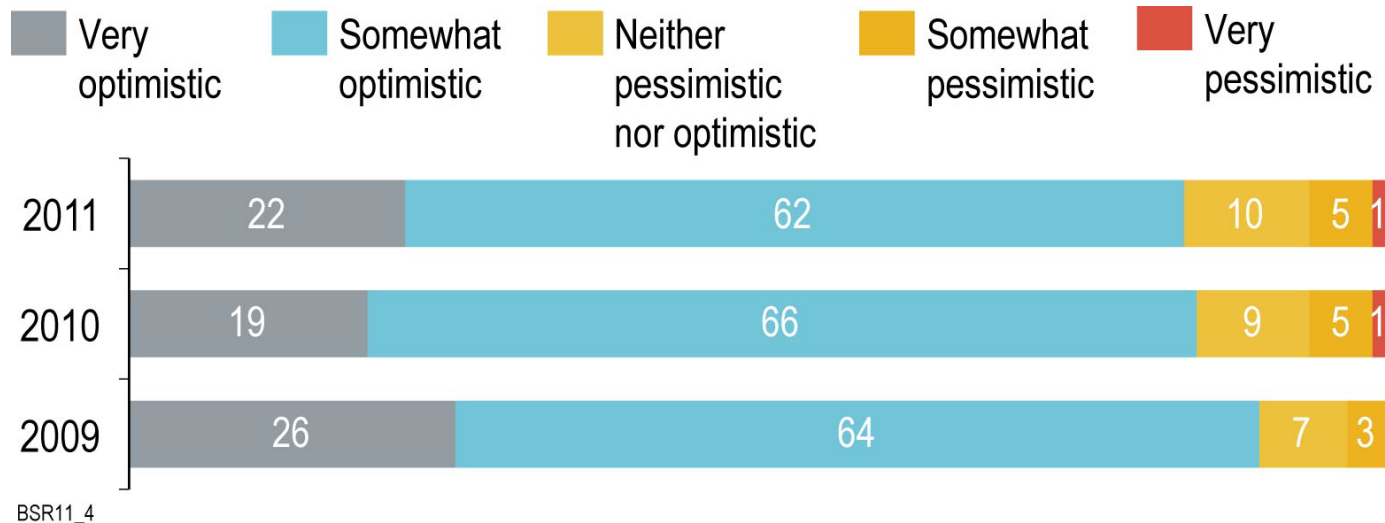
There has also been an increase in the percentage saying that water availability/quality is a priority for sustainability efforts.

Compared to a year ago, all priorities are either increasing or stable.

*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.”

Will Global Business Embrace CSR?

2009–2011



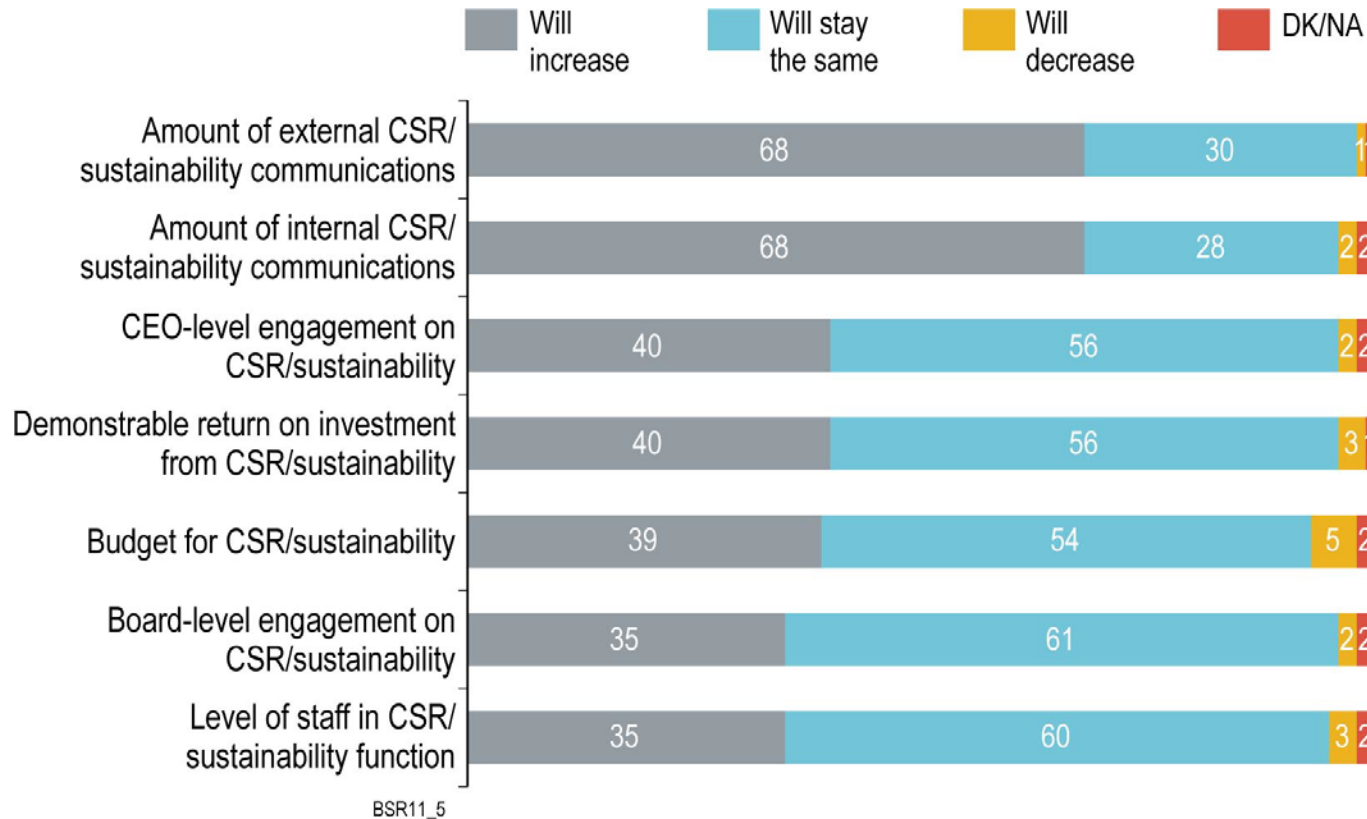
*The “Neither pessimistic nor optimistic” category includes “DK/NA.”

Optimism that global businesses will embrace CSR/sustainability as part of their core strategies and operations in the next five years remains fairly high, with nearly nine in 10 respondents (84 percent) continuing to be somewhat or very optimistic.

Q: On a 5-point scale, where 1 represents “very pessimistic” and 5 represents “very optimistic,” please rate your outlook regarding the extent to which global businesses will embrace CSR/sustainability as part of their core strategies and operations in the next five years.

Expected Changes to CSR Programs

2011



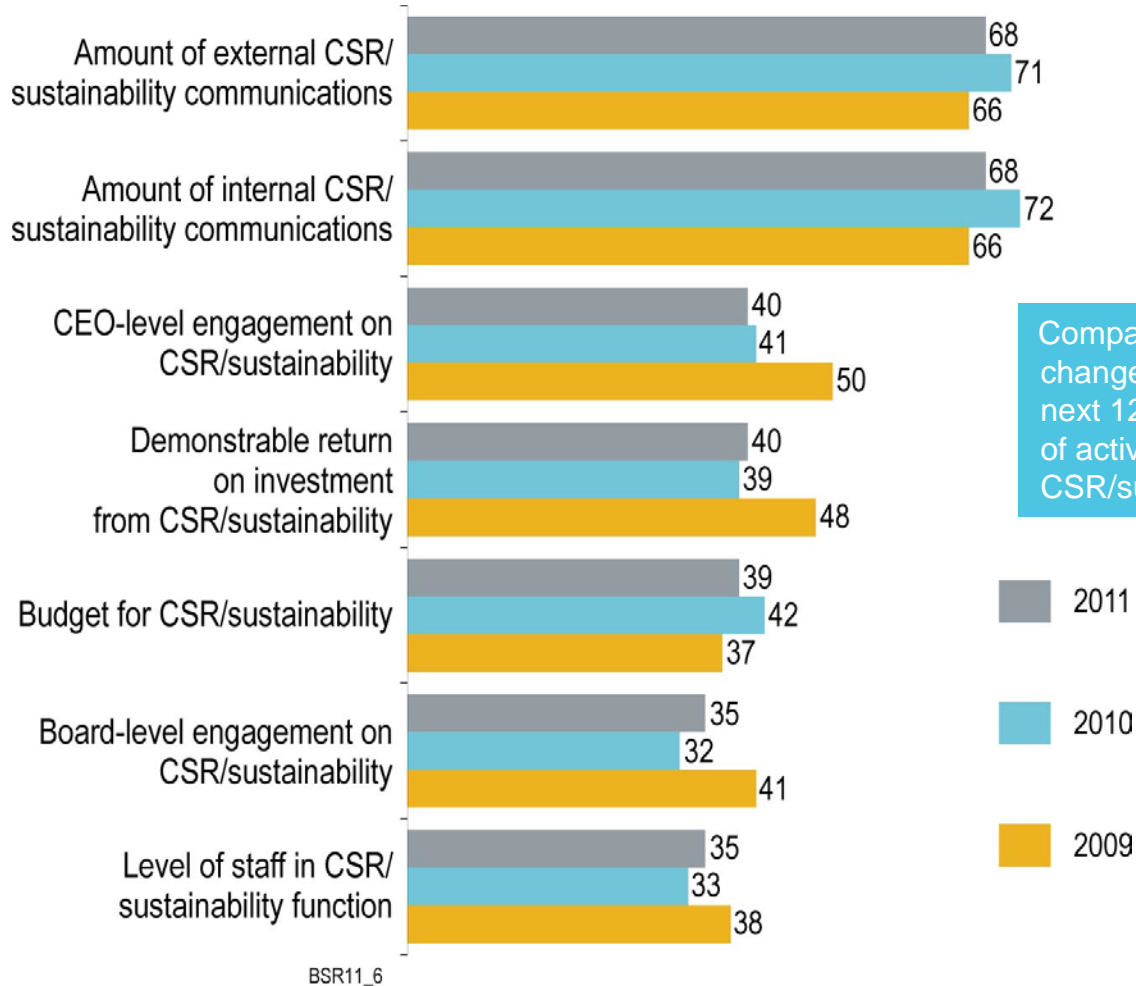
Most respondents predict that external and internal communications on CSR and sustainability will increase over the next year within their organization, while efforts in other areas such as board-level and CEO engagement, budgets, and level of staff will stay the same.

"Sustainability reporting will be even more important in the future than today for companies in every sector, for communicating with their stakeholders—not only shareholders and investors—but the public at large."

Q: In the next 12 months, what changes, if any, do you anticipate for each of the following with respect to your company's [organization's] CSR/sustainability programs?

Expected Changes to CSR Programs

“Increase,” 2009–2011



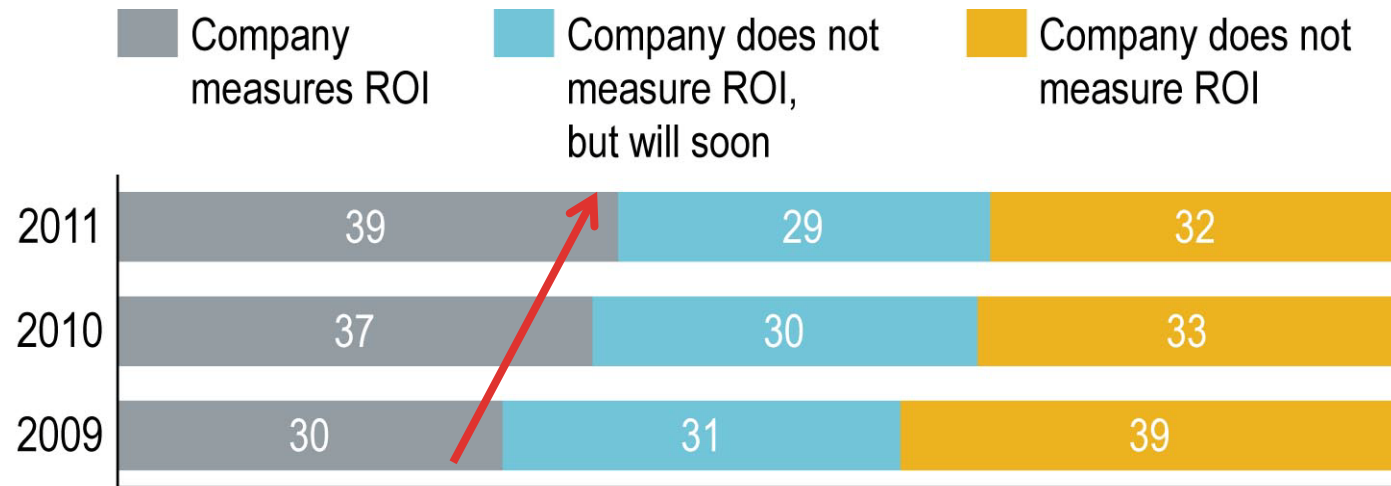
Compared to 2010, there is very little change in respondents' outlook for the next 12 months in the expected levels of activity in these core areas of CSR/sustainability.

2011
2010
2009

Q: In the next 12 months, what changes, if any, do you anticipate for each of the following with respect to your company's [organization's] CSR/sustainability programs?

Company Currently Measures ROI of CSR

2009–2011



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Over the past three years, there has been a gradual increase in the proportion of respondents reporting that their company measures the return on investment of their CSR/sustainability efforts, from three-in-10 to almost four-in-10. While most companies currently do not measure ROI, this upward trend is encouraging.

The following reasons are given for currently not measuring ROI:

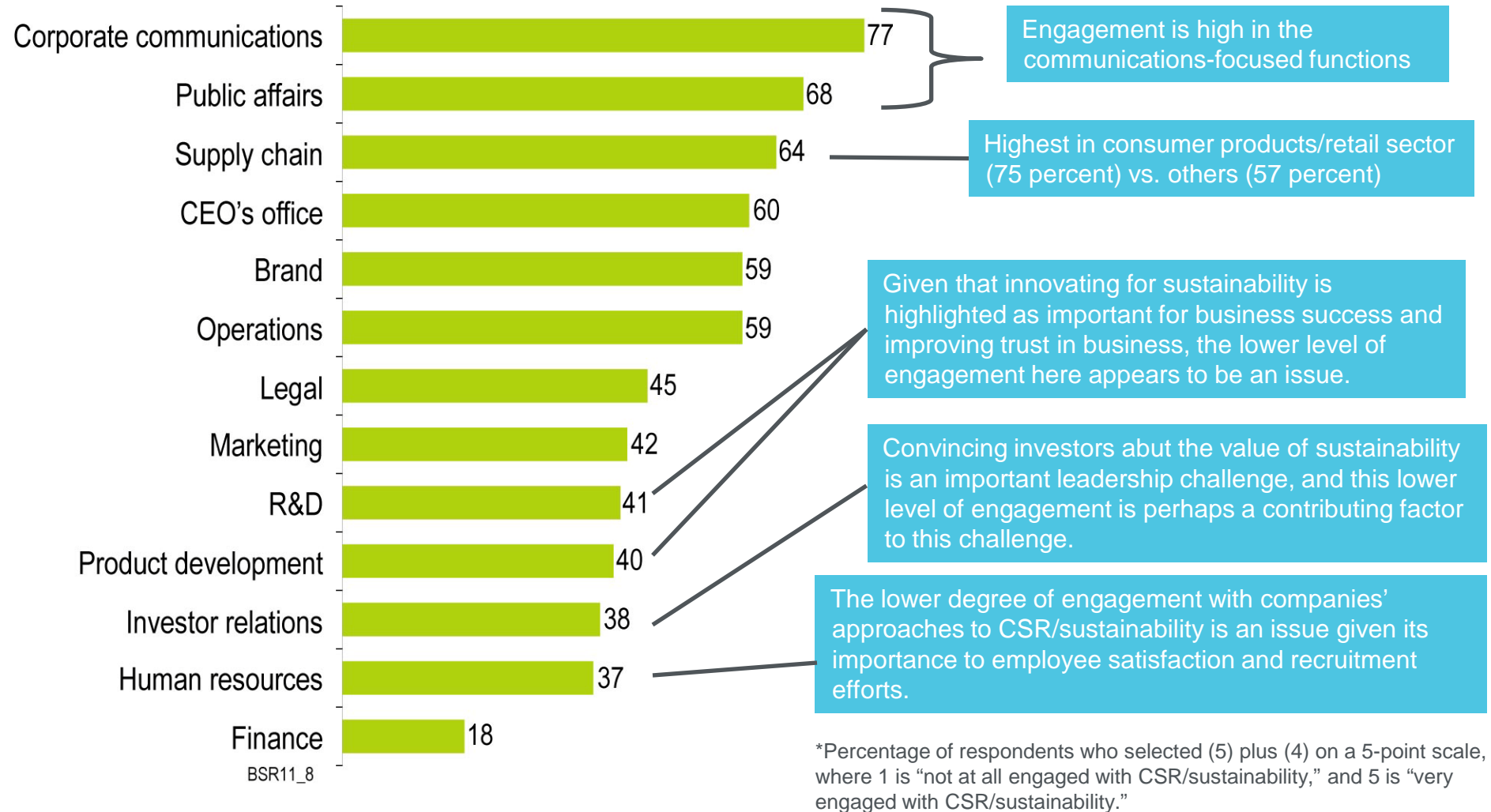
- Don't know why ROI is not measured (30 percent)
- No interest demand or need (27 percent)
- Limited resources (18 percent)
- Hard to do / measure (10 percent)
- Do not know how to (4 percent)

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

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

Level of Engagement With CSR/Sustainability Function

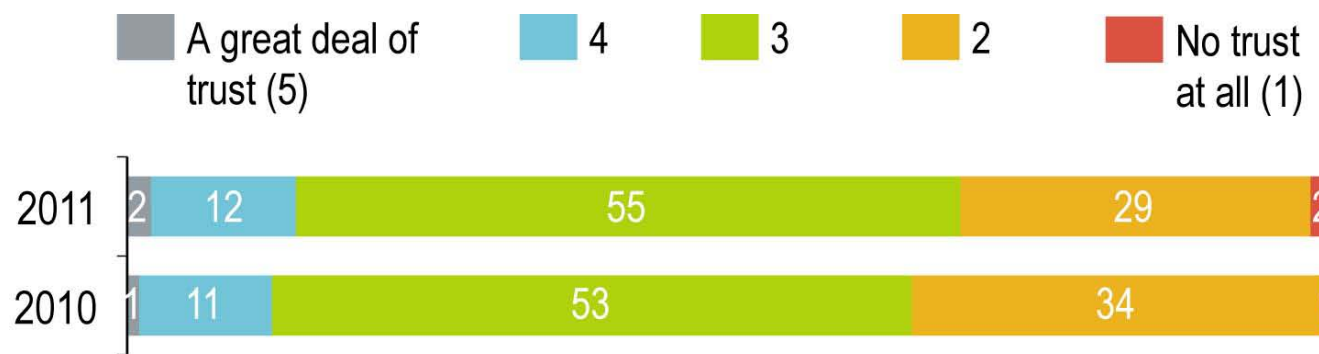
“Engaged (4+5),”* 2011



Building Trust

Level of Public Trust in Business?

2010–2011



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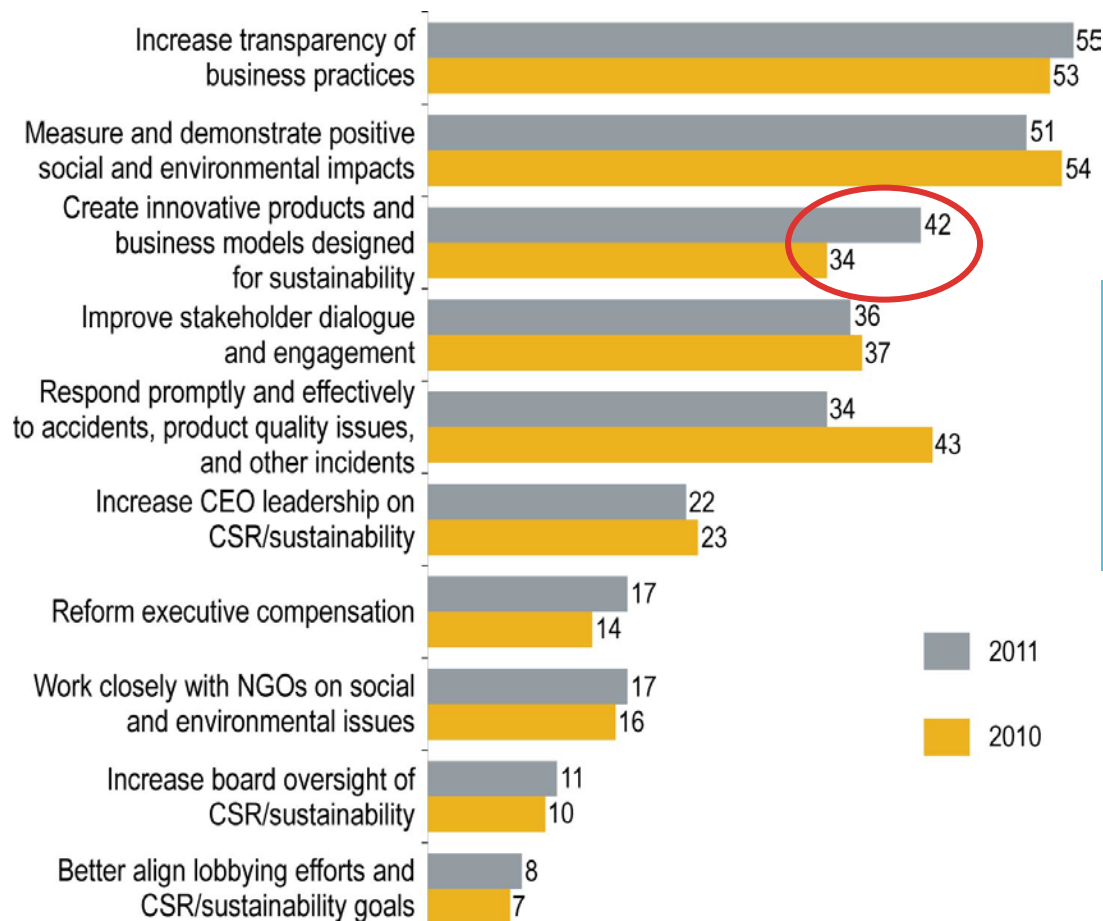
On the whole, respondents remain pessimistic about the current level of public trust in the private sector, with most saying the public has very little trust in business today.

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

Q: How much trust do you believe the public has in business today?

Most Important Action to Build Trust

Combined Mentions, 2010–2011

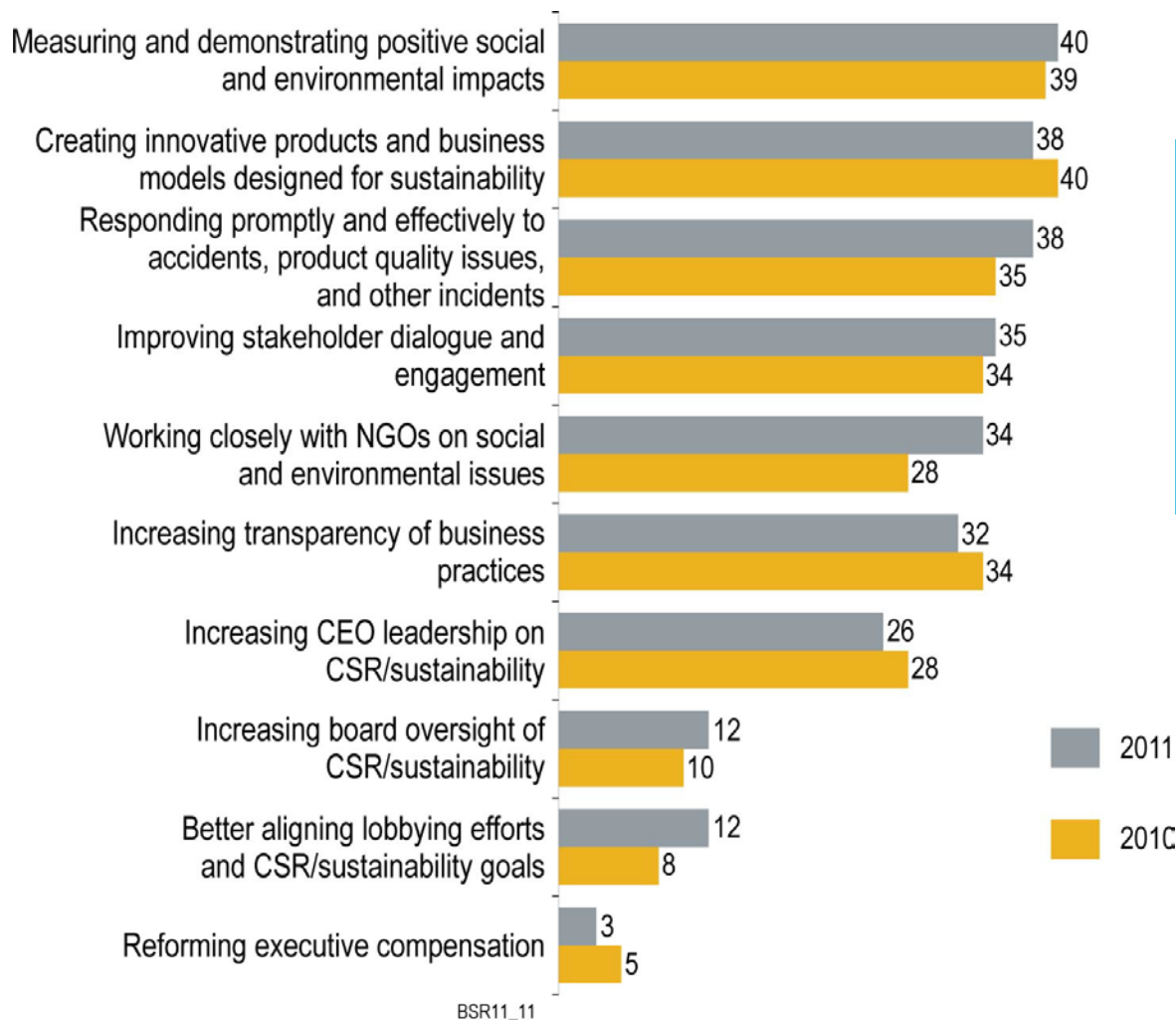


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As in 2010, respondents this year believe the best ways that companies can improve trust in business is by being more transparent, demonstrating positive impact, and increasingly, creating innovative products and business models.

Business Leadership Areas

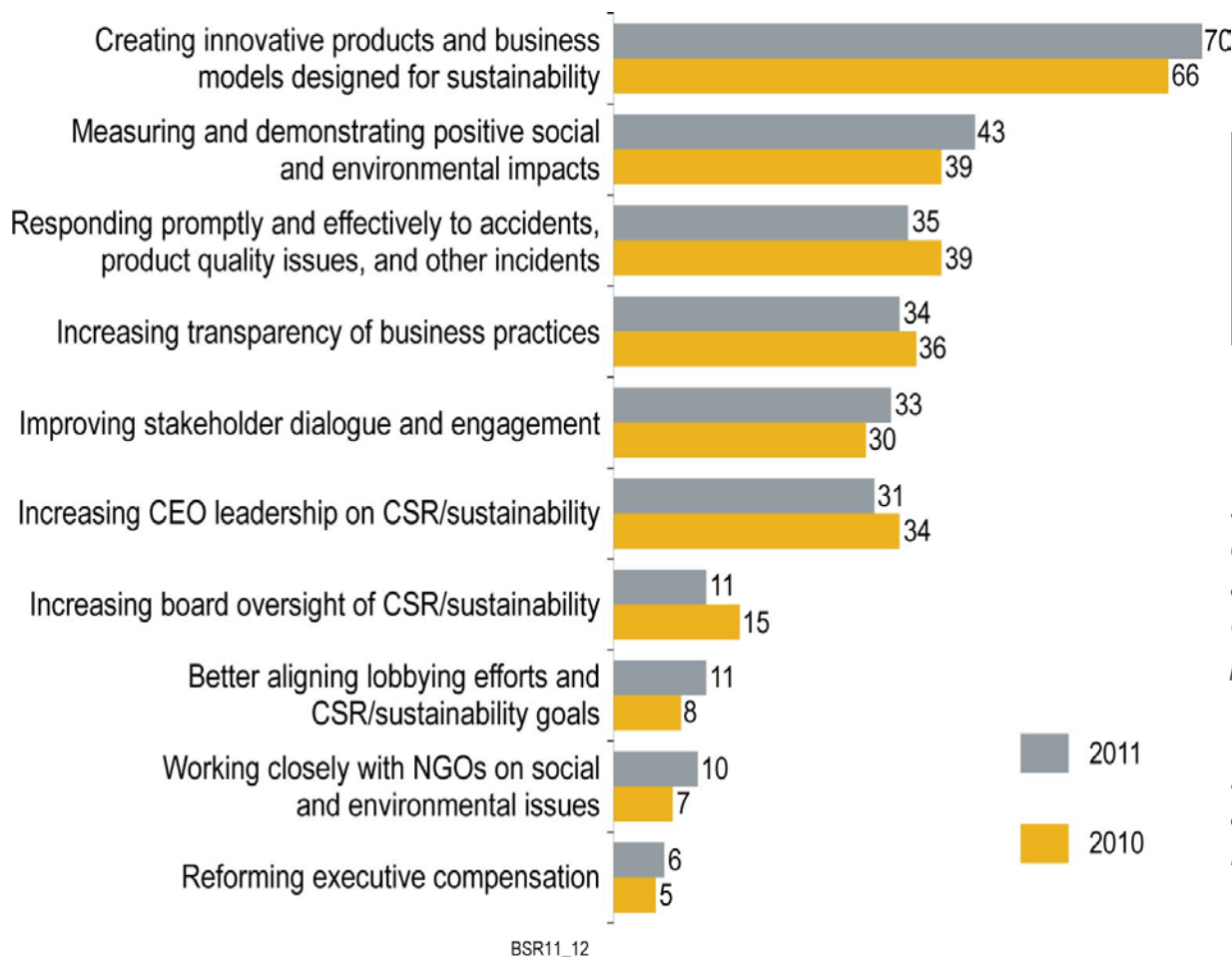
Combined Mentions, 2010–2011



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), and innovating for sustainability.

Important Drivers of Business Success

Combined Mentions, 2010–2011



Innovating for sustainability is by far the most important driver of overall business success. Very few point to governance or partnerships with NGOs as drivers of business value.

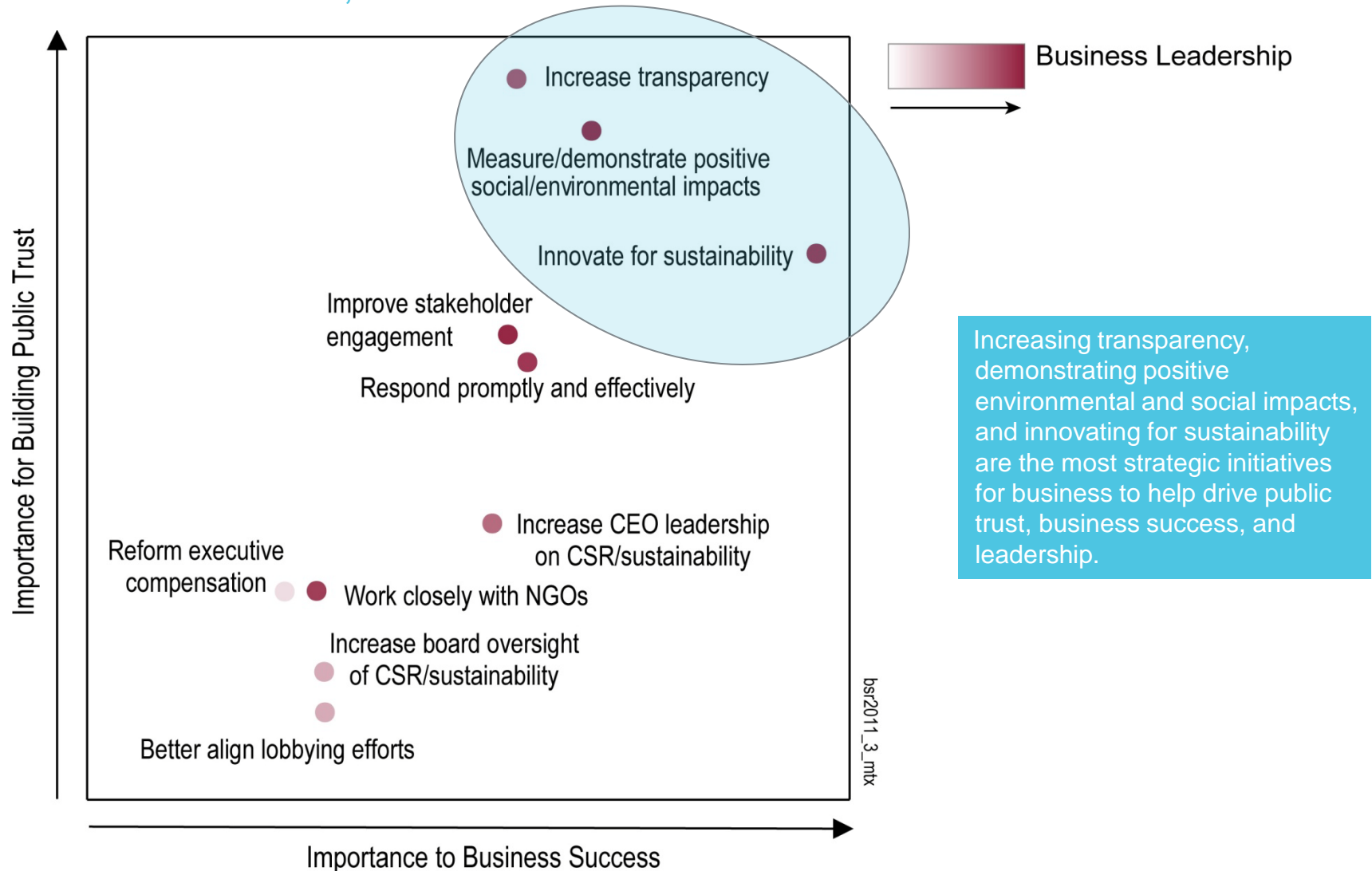
“Over the last 10 years, one of the most significant trends has been the ability of companies to innovate in the green space and turn what are fundamentally environmental issues into products that people purchase at a higher premium cost. There are few opportunities to take traditional CSR issues and make them mainstream and connect to the consumer, and in the green product space companies have done some interesting work.”

2011

2010

Trust, Leadership, and Performance

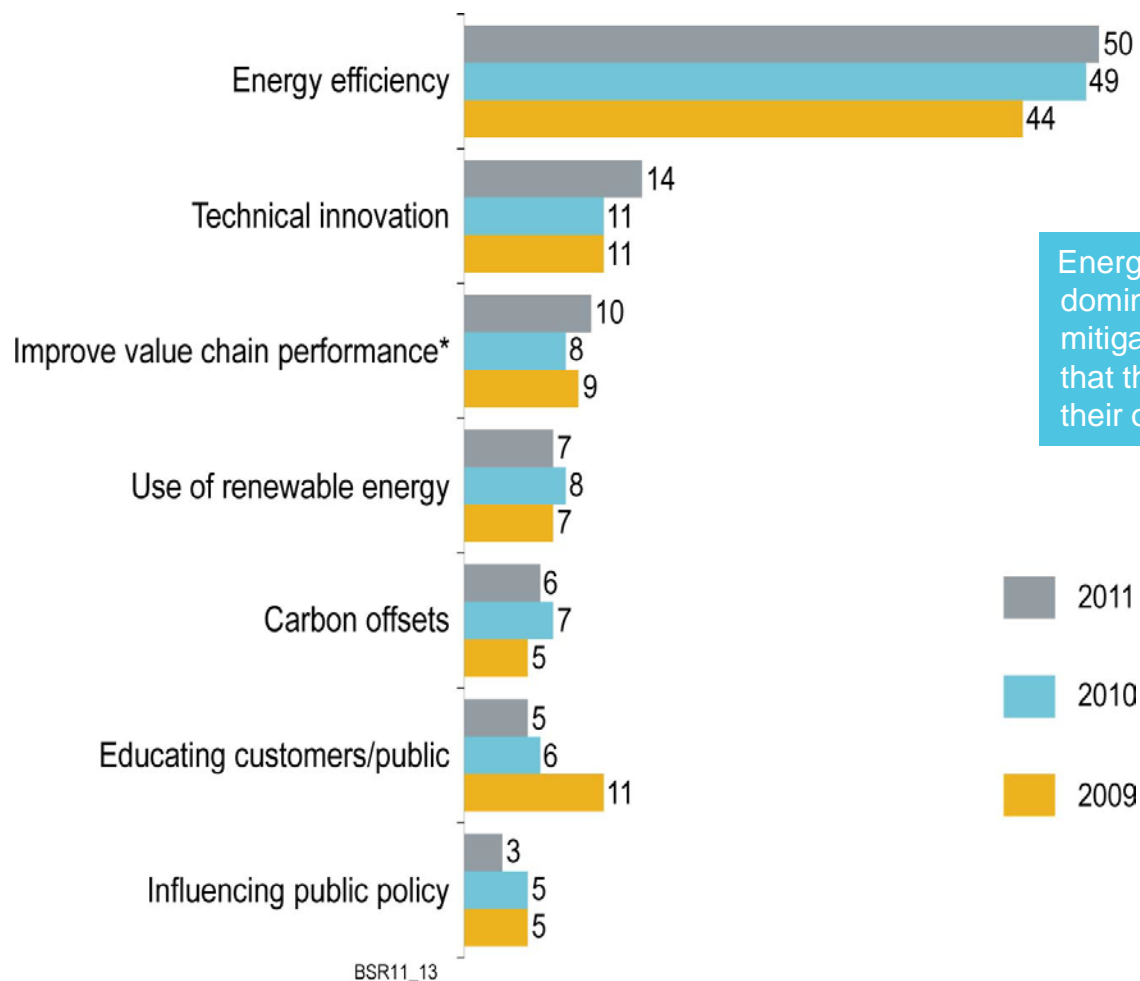
Combined Mentions, 2011



Climate Change

Emphasis of Climate Strategy

2009–2011



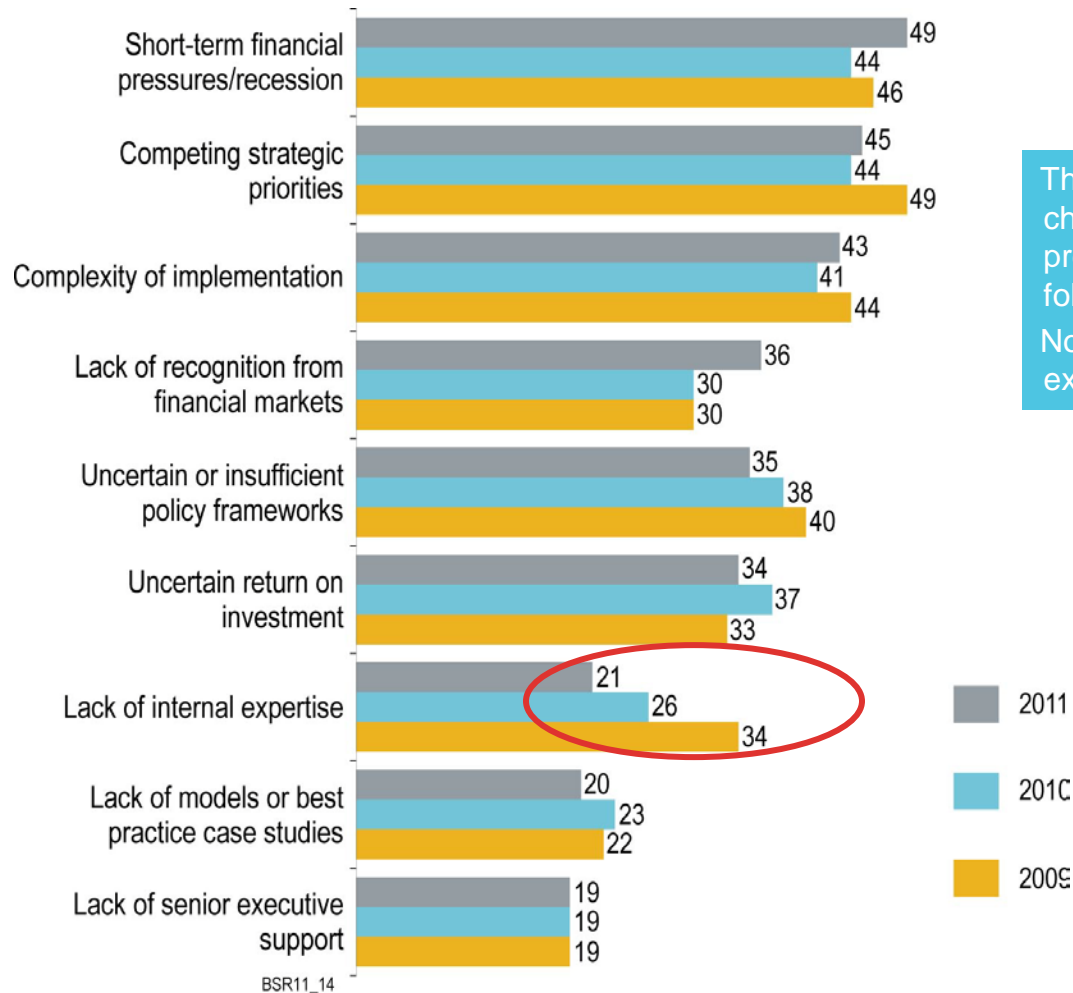
Energy efficiency clearly continues to dominate the thinking on climate change mitigation, with half of all respondents stating that this is the most significant emphasis of their organizations' climate strategies.



Q: Which one of the following is the most significant emphasis of your company's [organization's] climate strategy?

Barriers to Addressing Climate Change

“Major Barrier (4 and 5)”* 2009–2011



The largest barriers to addressing climate change continue to be short-term financial pressures and competing strategic priorities, followed by complexity of implementation. Notably, it appears that the level of internal expertise within organizations is increasing.

*Percentage of respondents who selected “a very significant barrier (5)” plus “(4)” on a 5-point scale, where 1 is “not at all a barrier,” and 5 is “a very significant barrier.”

Q: Please rate the extent to which each of the following are barriers to your company [organization] doing more to address climate change.

Developments in CSR/Sustainability

Most Significant Development in Past Year/Next Year

Top 10 Mentions, 2011

New legislation/reports/initiatives (specific mentions)

Human/workers' rights

Financial crisis / financial issues

Adoption of Ruggie framework by UN

CSR awareness/engagement (in general)

New technological solutions

Increased public awareness

Japan earthquake / Fukushima incident

Labor / supply chain issues

Carbon tracking/taxes

The most mentioned development is a specific piece of legislation, report, or initiative (including Unilever's Sustainable Living Plan; initiatives from Walmart, Greenpeace, and Starbucks; the California Supply Chain Act; and carbon tax legislation).

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

Top 10 Mentions, 2012

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

Stakeholder engagement

Supply chain issues

Financial crisis

Environmental issues/protection / Climate change

Human rights issues

Water issues

Energy / energy efficiency / renewable energy

Rio+20

Transparency

Respondents highlighted several developments that they believe might be the most significant over the next 12 months.

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

Methodology

Methodology

- The BSR/GlobeScan State of Sustainable Business Poll 2011 was conducted from September 28 to October 17, 2011.
- A total of 498 professionals from BSR's 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	58%
Europe	21%
Other regions	21%

Job Level

Vice President or above	15%
Director	28%
Manager or below	52%
Other	5%