

Summary/Thoughts/Insights:

**ISBM Environmental Sustainability Consortium #1
October 8-9, 2008**

First thoughts/meeting notes:

The term “Environmental Sustainability” needs to be thought across the entire value chain. There are opportunities and challenges all along the way from raw materials down through distribution towards final reclamation of products.

- This can be an especially challenging issue for a business that uses multiple sources for its raw materials.
 - But many customers downstream are now asking the question: “What’s your sustainability story” as they are purchasing products upstream. It’s becoming a necessary part of the value proposition. A possible point of differentiation now, an essential point of parity in the future.
- **Crucial:** balancing doing things about environmental sustainability, and then the real issues of when you start talking about it.
- **Needed:** a fundamental definition that everyone can agree to on “environmental sustainability”.
 - **One definition of "environmental sustainability" is taken from the Bruntland Report, and is the most widely recognized definition in use: "Sustainable businesses meet the needs of the present without compromising the ability of future generations to meet their own needs."**
- **There seems to be a positive correlation between the quality of a corporation's environmental sustainability practices and shareholder value. One explanation is that companies that excel in environmentally sustainability will be energy efficient, make wise use of resources, and incur minimal waste disposal costs - all signaling operational efficiency and managerial excellence.**
- **Need for new insight and research:** the impact of non-governmental organizations on your customers - and hence your brand - as we move toward the end of the decade.
 - Although firms need to be careful about “green washing”, (overstating their case on environmental sustainability) we also find ourselves subject to “green bashing”, overstating the case against us and our products and services. In the short term, NGO’s have the upper hand, and can often make declarations which are not fully factual, which can hurt our ability to sell products, and can hurt our brand moving forward.

- **Key issue:** “third party labels”—a plethora of endorsement labels, ingredient brand marks, and “it’s green” sort of trademarks are coming to light.
 - Which one of these is right for your business? Are any of them? Which are stronger than others? More relevant than others? Who’s just “jumping on the bandwagon”?
- **The larger challenge for all of us:** instilling sustainability concepts within and across our organization – *creating a culture of environmental sustainability inside our firms.*
- **Approach:** partnering across the value chain – from consideration of raw materials, through consumables, through disposables, through waste minimization.
 - Some firms have found new tools and techniques for turning their waste into energy.
- Tracking the total “long tail” of total engagement with an offering, can be expensive, and can be counter to what’s needed to face the business challenge of today’s markets.
 - Generally, going green for many firms’ means going green within the bounds of what’s necessary to continue doing business profitably.
- Needed: a portfolio management approach to managing the plethora of things you could do.
 - A cost/impact matrix approach might be necessary here to focus activities on those things that have the highest impact, and are the quickest to implement.
 - One definition of “environmental sustainability”—Meeting the needs of the present without compromising the future.

Action item #1:

Compile a detailed list of the current “endorsers/endorsement brands/endorsing organizations by industry or other appropriate dimension. Create a tool, resource, checklist, enabling firms to better navigate the set of choices they face in this area.

Action Item #2:

Develop a series of “case studies” on good practice, available to those driving environmental initiatives inside their firms to better explain, illustrate, and pave the way for environmental activities.

- Create a list of resource centers with trained individuals around the world who can be of advice, counsel, benchmarking, and other assistance to environmental initiatives.

Action Item #3:

Develop a protocol for an answer to the question: “At what point do you begin communicating what you’re doing to constituents/stakeholders”

- We agreed together that the constituents/stakeholders list is quite extensive and includes:
 - **Top level support at the CEO or board level is critical to communicate the company's environmental vision/mission**
 - Employees – important to communicate that we're not "perfect" but working on real, significant initiatives with perspectives tied to and realistically part of our brand
 - Local audiences – with local concerns
 - **NGO's – It is important to develop a stakeholder map, to identify the NGOs that are most likely to add value to the company's sustainability initiatives, and engage those first**
 - That goals are clearly stated and easily articulated

Note: environmental sustainability should be couched in the idea that this is real business, tied to our strategy, and true to your brand. If it's not, it will be viewed as something "extra" and will not develop "roots".

Needed: case studies on how this became an important initiative at the top levels in the corporation. At Eastman Chemical, a white paper approach raised the sensitivities to the issues at the C-level. At Sabert Corporation it was an intrinsic part of the company's founding, from its founding director. "The initiative just swept and ran us over"

The Consortium would be crazy if we did not:

- Find our own niche to become part of our branding strategy inside our firms
- Help drive standards which make sense in this area
- Reach out to other businesses in B-to-B, and invite them into the dialogue
- Invite downstream and upstream partners into the process consider:
 - Wal-Mart
 - Other distribution partners
- Hold another consortium meeting within 6-8 months
- Consider holding this at one of our facilities, where cases can be illustrated and demonstrated
- Invite NGO's into the fold to help better understand their perspective and hopefully balance it
- Invite congress people into the forum to discuss this
- Keep the momentum going
- Create a definition of what was and what is now success in this area
- Discuss and bring in CFO's in the discussion – to discuss the investment and the return in sustainability with the CFO. A value stream "connect the dots" exercise. Quantify the impact of reduced risk in this area