Greening your business

A guide to getting started

RBC Royal Bank®

Acknowledgments

In preparing this guide — and other related resources in the "Greening Your Business" section on the RBC Commercial Advice Centre at www.rbc.com/business-advice — we would like to thank the many who generously offered their time and expertise.

In particular, we would like to thank Bob Willard, an internationally recognized expert on how companies can transform into sustainable enterprises using organizational change approaches. His seven-step process outlined in *The Sustainability Champion's Guidebook* (New Society Publishers, 2009) was partially adapted in this guidebook, along with insights from our own sustainability experts at RBC®.

We would also like to single out the Canadian Business for Social Responsibility, of which RBC is a proud member, and The Natural Step Canada; both organizations were enthusiastic about this project and generously shared their expertise.

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We also wish to express our gratitude to the following RBC clients — Legend Power, Memorial University and Landmark Group of Builders — for sharing lessons learned and successes realized from the trenches of sustainability.

We thank the Toronto District School Board and extend best wishes for success in achieving the vision outlined in their *Go Green: Climate Change Action Plan*.

Finally, we wish to thank the many dedicated individuals and teams within RBC who continue to guide, support and contribute to our organization's own journey to sustainability.

Welcome from RBC

There is no question that the challenges we face as a global community are daunting: population growth, water scarcity, loss of habitat and biodiversity, and climate change, to name just a few. The good news is that people everywhere, and by extension, the organizations they lead, are sitting up and taking notice. Leaders of Canadian organizations are learning a new discipline, one that allows them to lessen their social and environmental impacts, contribute to the development of innovative solutions and gain market advantage in the new, emerging sustainable economy. At RBC, we are committed to proactive and prudent management of the environmental aspects of our business. From reducing our operational footprint and developing environmentally friendly products and services, to lending responsibly and reinvesting in our communities, we are focused on fulfilling our environmental goals.

We have created this guide to share our experience with the broader business community, which is a powerful constituency in helping Canada to address environmental challenges. We are inspired by what clients such as Memorial University, Landmark Group of Builders and Legend Power have already achieved and have included their stories here to inspire you too. We would like to help your organization, whether large or small, discover how becoming more environmentally sustainable can bring many lasting benefits. I think you'll agree that the business case for this investment is truly compelling.

This guide and many other environmental sustainability resources online at the RBC Commercial Advice Centre are available to support you on this journey — in addition to the support available to you through our financial experts. Whether you are seeking financing for an energy retrofit or a new "green" product or service, we would be pleased to share our advice and expertise. RBC welcomes the opportunity to be your banking partner as you lead your organization down the path toward environmental sustainability.

Shauneen Bruder
Executive Vice-President
Business and Commercial Banking
Royal Bank of Canada

Joining you on the journey

This guide is designed to help your organization on its journey toward environmental sustainability. At RBC, our journey began almost 20 years ago with the launch of our first Policy on the Environment. Since then, our experience and understanding of environmental issues have evolved, and so has our approach. In 2007, we launched the *RBC Environmental Blueprint*®, a roadmap that guides our initiatives today.

At the core of the *Blueprint* is the belief that the preservation of the environment is fundamental to the sustainability of our communities, our clients and our company. By delivering on the *Blueprint's* objectives, we've reduced our operational footprint, driven savings throughout the organization, mitigated environmental risks and delivered innovative new products and services. The cumulative result of this work is something that we're proud of — we've consistently been recognized among the world's financial, social and environmental leaders. We've been named to several sustainability indices including the Dow Jones World Sustainability Index for the last 10 years in a row, and the Jantzi Social Index and the FTSE4Good Index for the last nine. We've also been named one of the Global 100: Most Sustainable Corporations in the World and one of Canada's Greenest Employers in 2009.

These accomplishments are the result of a long-term and balanced approach to environmental issues. Becoming a sustainable organization is a continuous journey — not the result of a one-off program or initiative. This guide is the product of passionate RBC employees and business leaders, working with clients, suppliers, NGOs and other experts in the field to help provide you with insights and information from their experiences. I hope that you find it useful and wish you luck in your own journey.

Shari Austin
Vice-President and Head
Corporate Citizenship
Royal Bank of Canada

Greening your business

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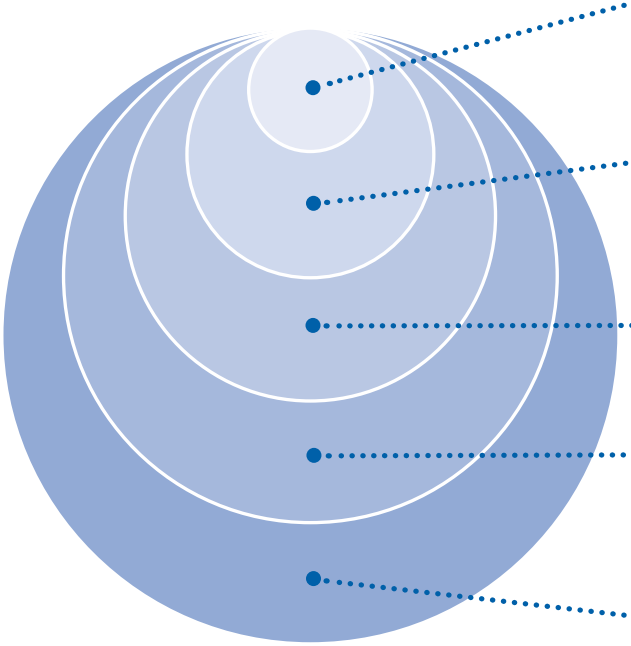

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Part One

Going green: The new frontier

An introduction to going green — what it is and why it matters — and the business case for a more environmentally sustainable future for your organization

Saving money, capturing new market opportunities and reducing risk are just a few of the benefits that owners and managers of leading Canadian organizations are realizing from going "green" and becoming more environmentally sustainable.

Still, many other managers of small-to-medium sized companies, not-for-profits and public sector organizations have yet to take that first step. Why?

For some, "green" may be viewed as nothing more than mere flavour-of-the-day. For others, environmental sustainability could be perceived as not relevant to their operations because their organization isn't of an industrial nature or, perhaps, seemingly too small to make a difference.

Research from boardrooms around the world suggests another reason: the issues related to environmental, economic and social sustainability are not easily defined or commonly understood — a barrier toward actually becoming a more sustainable organization.

Having a common understanding — indeed "language" — with which to discuss sustainability issues with your colleagues is a key success factor for it enables everyone to better understand and discuss what sustainability is and how it could impact your organization. Given this, how is sustainability best defined?

What is "sustainability"?

Ask a dozen people what "sustainability" is and you are certain to receive just as many answers. With such a proliferation of information about "green," "eco" and "sustainability," it is tempting to assume your employees share an adequate understanding of what sustainability is and how it might be relevant to your organization.

By establishing a common understanding and definition of sustainability issues upfront, everyone in your organization will be in a better position to contribute to the articulation of a clear and concise shared vision for your sustainable organization and to create and implement a strategic plan to get there. You will also boost efficiency with less wasted time due to misunderstandings, helping your organization achieve results faster.

Here are four commonly used approaches toward defining sustainability:

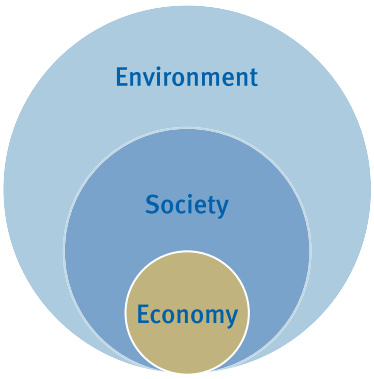
1. The Brundtland Commission and sustainable development
One of the most popular and widely used definitions of sustainable development refers to an often-repeated statement made in a 1987 United Nations report called *Our Common Future*, also commonly referred to as the Brundtland Report: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Sustainable development is focused on how social and economic development must carefully consider the environment's ability to continue to meet our needs.

2. Triple bottom line
The "triple bottom line" or 3BL is another way of looking at sustainability. It is often used in business and was coined by John Elkington, founder of SustainAbility, a sustainability consultancy. It is based on the three pillars of people, planet and profit. In triple bottom line accounting, for instance, you would expand on conventional methods of financial reporting to include reporting on ecological and social performance. This is

sometimes expressed as a three-legged stool that comprises environment, society and economy.

The term is also the subject of a popular book — *The Triple Bottom Line* by Andrew W. Savitz with Karl Weber (Jossey-Bass, 2006).

Instead of thinking of three, distinct pillars or legs of a stool, The Natural Step Canada suggests nestling each within the envelope of the environment to better represent their equal and interconnected relationships, as pictured below:



Source: The Natural Step Canada. Reprinted with permission.

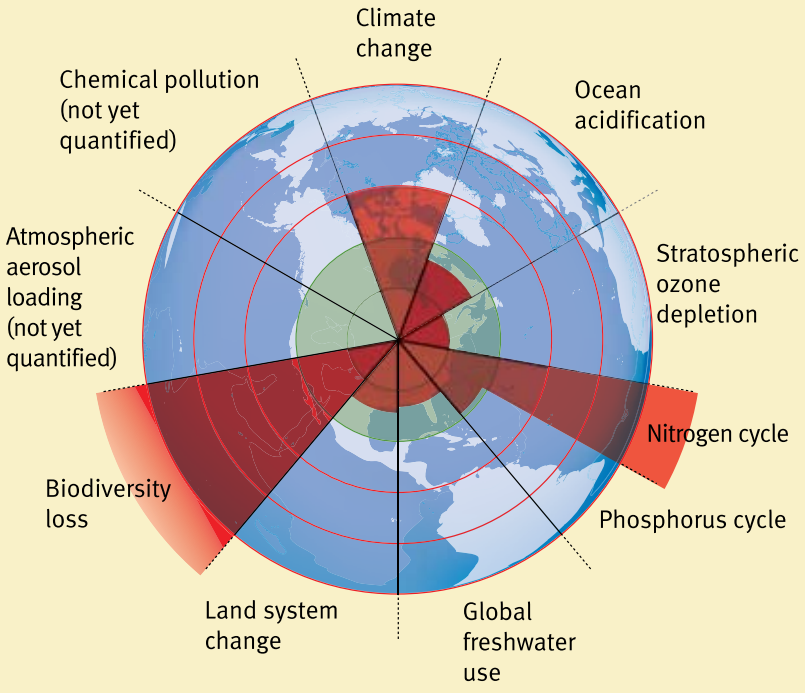
3. The Natural Step's four "system conditions"
Another approach some organizations are using to define sustainability is derived from a framework of four "system conditions," or "principles" required to support the proper functioning or equilibrium of our Earth's systems. The four system conditions were created by Dr. Karl-Henrik Robèrt, the visionary, Swedish cancer researcher and founder of The Natural Step, an international non-profit dedicated to helping organizations and communities become more sustainable.

For an organization to be sustainable, it must: 1) decrease and eventually eliminate the use of non-renewable resources in the long term; 2) not produce waste faster than it can be broken down and rendered harmless to nature; and 3) not use renewable resources faster than they can be replenished by natural ecosystems.

A fourth principle recognizes that sustainability is not only about ecology. The environment is closely intertwined with political and economic issues and, therefore, the fourth system condition suggests that our actions should not undermine the ability of others to meet their basic human needs. For instance, an organization that does not provide adequate salaries could be creating a barrier toward enabling its employees to meet their needs related to shelter or subsistence.

Planetary boundaries

With nature's systems under pressure from human actions, scientists propose "a safe operating space for humanity" for 10 areas that are critical to supporting the Earth's healthy functioning ecosystems (pictured in green). The areas shaded in red indicate the levels where scientists believe we are today.



Source: Stockholm Resilience Centre; "Planetary Boundaries," by Johan Rockström et al, *Nature*, Volume 461/24, September 2009. Image reprinted with permission from *Nature*.

Definition

Ecosystem services

"An ecosystem is a collection of plants, animals, and micro-organisms interacting with each other and with their non-living environment. Examples include a rainforest, desert, coral reef, or a cultivated system. Ecosystem services are the benefits that people get from nature. Examples include fresh water, timber, climate regulation, recreation, and aesthetic values."

Source: *Ecosystem Services: A guide for decision makers* (World Resources Institute, 2008).

4. Corporate social responsibility

Corporate social responsibility (CSR) is a term often used interchangeably with the terms sustainability or corporate responsibility. CSR can be defined as the way companies integrate social, environmental and economic concerns into their values and operations in a transparent and accountable manner. CSR is typically viewed by business as a way in which it can benefit from: proactive legal, social, environmental and reputational risk management; enhanced organizational effectiveness; improved relationships with stakeholders; and a social licence to operate within communities.

How you choose to articulate sustainability, both inside your organization and with other stakeholders such as suppliers and customers, will depend on your type of organization and overall objectives. Some may ultimately choose to focus on just one aspect of sustainability such as the environment or community — or a selection of sub-issues within each of those larger areas such as energy and waste management (environment) or charitable giving around a particular cause (community).

The environmental sustainability challenge

To truly understand the upside of environmental sustainability, one needs to better understand the problems and challenges facing our planet. Though complex and interconnected, the sustainability challenge can be distilled down to three major drivers: population growth, the erosion of natural capital and climate change.

According to the United Nations' latest population report, our global community has been mushrooming by 79 million people — about the size of Germany's population — every year since 1999. Today, we are approximately 6.8 billion and by mid-century, says the UN, we will number more than nine billion. Is there enough water and food for two-and-half billion more?

An increasing population has the potential to further erode our natural capital — a term described by Paul Hawken, Amory Lovins and Hunter Lovins, co-authors of *Natural Capitalism: Creating the Next Industrial Revolution* (Little, Brown and Company, 1999), as the natural resources and ecological systems that provide vital life-support services for humans.

Indeed, for thousands of years, nature has provided us with valuable goods and services — collectively referred to as "ecosystem services" — at no charge. Wetlands, for example, provide water purification and natural flood control. Forests, of course, supply timber, but they also purify water, cycle nutrients, protect soils and retain moisture to stabilize landscapes, moderate local and regional climates through rainfall, and act like giant sponges, soaking up carbon from the atmosphere.

Even bees play their part. Scientists estimate that 88% of plants depend on "pollinators" — bees, hummingbirds and butterflies — to propagate, says the David Suzuki Foundation. Without bees, foods such as tomatoes, peppers, apples, peaches, cucumbers and pumpkins would not be able to reproduce, making pollinators an important contributor toward food security in Canada.

Indeed, we often take our natural capital for granted; many of our current transportation and energy systems, as well as our land use requirements, are already having an impact. According to the Millennium Ecosystem Assessment (MEA) — the largest assessment of the world's ecosystem services ever completed — 15 of our 24 known ecosystem services are under duress.

"Over the past 50 years, humans have changed ecosystems more rapidly and extensively than in any comparable period of time in human history, largely to meet rapidly growing demands for food, fresh water, timber, fiber and fuel," concluded the MEA in its June 2005 report, itself the culmination of collaboration of more than 1,300 scientists. "This has resulted in a substantial and largely irreversible loss in the diversity of life on Earth."

The funnel

The Natural Step's Dr. Robèrt uses the metaphor of a "funnel" to help people visualize how the combination of a growing population and erosion of natural capital could impact them. The walls of the funnel represent the growing demand for resources and ecosystem services over time measured against the declining ability of the

earth to satisfy our collective needs. The deeper your organization moves into the funnel, the more likely it is to face stringent environmental regulation, stakeholder pressure and increased tension within communities.

Climate change, resulting from the build-up of greenhouse gases (GHGs) in the atmosphere, is expected to bring many changes such as warming ocean and land surface temperatures, rising sea levels, coastal flooding, and inland droughts. Efforts to curb climate change include regulations that assign a cost to GHG emissions. The physical and regulatory effects of climate change will present Canadian businesses with challenges including, for example, new costs associated with emitting GHGs, rising energy prices as energy producers pass along their own cost increases and restrictions on water usage in areas where drought frequency increases.

Sustainability frameworks for business

In many companies, environmental, economic and social performance practices are already in place, except companies often don't recognize this commitment as sustainable development. "Effectively, these companies have positive brand going to waste," says Dr. Blair Feltmate, professor and director, sustainability practice, faculty of the environment at the University of Waterloo.

Waste and energy reduction efforts, charitable giving, diversity training, community outreach, local economic support through the creation of jobs and generation of taxes, and the transference of wealth through the supply chain are all examples of how an organization may already be supporting sustainability issues.

"A formalized commitment to sustainable development helps to build upon the momentum that an organization may already have in this area, and it can help the company to be seen as a responsible practitioner that can yield a wealth of benefit to the bottom line," adds Feltmate.

In developing an understanding of sustainability, it is also useful to consider the many frameworks frequently used to support planning for sustainability:

1. Management theories

Traditional management theory can connect to and support sustainability management, say experts. The underlying principles of continuous improvement in such management theories as LEAN, Six Sigma, Kaizen and Total Quality Management (TQM), for instance, also promote efficiency — a key tenet of environmental sustainability management.

Dirk Matten, professor of strategy and Hewlett-Packard chair in corporate responsibility at the Schulich School of Business at York University, says organizations using Stakeholder Theory will also find logical alignment with sustainability management, which is heavily dependent on collaboration with multiple stakeholder groups.

2. ISO 14000

You may already be using the International Organization for Standardization's ISO 9000 guidelines for quality management. "Any good environmental management program follows some or all of the ISO 14000 environmental management system framework components, which are a refinement of ISO 9000," says Sandra Odendahl, director, corporate environmental affairs, RBC.

The ISO 14000 family of environmental management guidelines can be used by any size or type of organization. While they do not provide standards for specific environmental issues, they do provide a framework for a holistic, strategic approach to help standardize your organization's environmental policy, plans and actions. ISO 14000 can also provide a common language for communicating environmental management issues between your organization and other stakeholders including regulators, customers and the public.

Essentially, companies in compliance with IS0 14001 must undertake an environmental assessment, develop an environmental policy, understand its legal and voluntary obligations, have developed a system to manage environmental issues, provide periodical internal audits and reports to executive managers.

The guidelines do not, however, provide any performance criteria, "hence, an organization can implement excellent management systems to address environmental issues, yet still cause serious environmental problems," notes Deborah Leipzier, author of *The Corporate Responsibility Code Book* (Greenleaf Publishing Limited, 2003).

For those who are already using ISO, watch out for ISO 26000, a new standard to be published in 2010 providing guidelines for social responsibility that will be useful for all types of organizations, large and small, in the private, public and non-profit sectors.

3. The "Virtue Matrix"
Roger Martin, dean of the University of Toronto's Rotman School of Management, created a tool called the "Virtue Matrix," to help organizations assess and prioritize corporate social responsibility activities based on their contribution to shareholder value and benefit to society. (To learn more about the Virtue Matrix, see the article of the same title at www.rotman.utoronto.ca/rogermartin.)

"It's clear that executives are under increasing pressure to ensure that the companies they lead are good corporate citizens," says Roger Martin, director of the AIC Institute for Corporate Citizenship, in an announcement for its *Corporate Citizenship Toolkit*. The challenge is for organizations to choose activities that offer strategic value.

In 2007, RBC assembled a cross-organizational team to start a full assessment of RBC's global business strategy using the Virtue Matrix. The result was a framework, vision and direction for managing and prioritizing corporate responsibility activities, from which the *RBC Environmental Blueprint* and the RBC Blue Water Project® were born.

4. "Natural Capitalism"
"Natural Capitalism" is an approach that puts the value of ecosystem services first (i.e., nature's capital). In the *Harvard Business Review* (July–August 2007), authors Hawken, Lovins & Lovins set out the four major organizational shifts they believe necessary to achieve such a state:

- *Dramatically increase the productivity of natural resources:* The authors suggest that reducing the use of natural resources represents a major business opportunity and that fundamental changes in production and design are required to find ways to do this.
- *Shift to biologically inspired models:* Organizations should not only reduce waste, say the authors, but eliminate waste altogether by developing closed-loop production systems that ensure every output (including waste) is an input for another product.
- *Move to a solutions-based business model:* Instead of manufacturing a product and selling it, here the authors suggest a new business model whereby "value is instead delivered as a flow of services — providing illumination, rather than selling light bulbs."
- *Reinvest in natural capital:* Ideally, organizations must strive to restore — not deplete — ecosystems so that they can continue to provide their essential services such as clean air and water that support healthy local

economies and communities. Such restorative actions include designing green buildings that produce their own energy, filter water and help to purify air.

An organization that is successful at achieving these shifts will essentially move into Phase 4 of the "Sustainability Continuum" on page 12.

Making the case for green

Despite recognition and an understanding of the issues, many organizations are not acting fast enough — a notion echoed in "The Business of Sustainability," a special report published in 2009 by *MIT Sloan Management Review* with the Boston Consulting Group.

The vast majority of the more than 1,500 global corporate executives interviewed for the report indicated that though they believed sustainability would impact their business, their companies "were not acting decisively enough to fully exploit the opportunities and mitigate the risks that environmental sustainability presents." In fact, more than 70% of senior managers indicated that their company had not yet developed a clear business case for sustainability — a finding echoed in other recent studies.

While continuing to evolve, the business case for environmental sustainability is a combination of both risk mitigation and capitalizing on opportunities in the following areas:

1. Operational efficiencies

Organizations could face higher operational costs due to rising demand for scarce resources, which will increase prices of everything from paper for your photocopier to the energy required to run it. There is clearly a risk of higher insurance premiums for certain kinds of insurance. You may also face business disruptions as a result of more frequent extreme weather events related to climate change.

On the upside, by tackling environmental sustainability issues, organizations can realize cost savings by implementing strategies that increase the efficiency of virtually all aspects of their operations, from procurement to energy and resource conservation, to waste management. There are many supportive government incentives to help you make the switch to renewable energy, such as solar power, and become more energy efficient through, for example, a retrofit of your lighting system.

Walking the talk

Saving with sustainability

- **Canadian Tire** saved approximately $6 million in 2009 in annualized energy savings after retrofitting 361 stores with more energy efficient lighting, and expects to save an additional $12 million in 2010. In 2009 alone, its lighting retrofit prevented 11,500 tonnes of carbon dioxide (CO_2) from entering the atmosphere, with another 20,500 estimated for 2010 — equal to the removal of 4,654 cars from our roads.

  Source: http://corp.canadiantire.ca

- **Landmark Group of Builders** in Edmonton, Alberta saved $800 a month after a waste audit identified a simple mix-up in its waste management system.

  Source: David Nasseri, sustainability and innovation director, Landmark Group of Builders.

- **Memorial University** in St. John's, Newfoundland is saving approximately $1.5 million per year thanks to an energy retrofit of eight buildings. The $13 million project, completed in 2009, is also forecasted to reduce CO_2 emissions by 7,311 tonnes per year.

  Source: Toby Rowe, sustainability coordinator, department of facilities management, Memorial University.

- **McDonald's Canada** switched from white (bleached and recycled fibre) napkins and bags to unbleached, brown napkins and reduced its indirect energy, wood and water consumption (that is, the consumption of these materials by its suppliers), saving an estimated $667 per restaurant per year or about $1.3 million in total for all its restaurants.

  Source: Global Best of Green 2009, McDonald's.

- **B.C. Hydro** used Legend Power's harmonizing technology at three sites and saved 80,000 kWh (enough to power 80 homes) — and $45,000 a year — due to increased efficiency gained by optimizing the voltage on the incoming energy supply.

  Source: Gerry Gill, president, Legend Power.

- **The Toronto District School Board** undertook a number of energy management measures in buildings including the installation of automated building systems and mechanical retrofits at 134 schools and lighting retrofits at 224 schools. As a result, it realized an 18% decrease in GHG emissions and a savings of $12 million in energy costs over nine years.

  Source: Richard Christie, program coordinator, environmental and ecological studies, TDSB.

Tool

The Sustainability Continuum

Organizations move through several phases during their journey toward sustainability. The drivers of change are the risks and opportunities that could push an organization into the next phase.

PHASE	RISKS	OPPORTUNITIES
Phase 1 — Compliant		
Environmental and social sustainability issues are not viewed as relevant to this organization. When such issues are discussed, it is often only in the context of compliance with rules and regulations.	Unanticipated, more stringent regulation. Increased costs due to new and greater eco-taxes, fines and rising cost of natural resources. Heavy pressure from consumers, clients, regulators and non-governmental organizations (NGOs). Erosion of market share due to plummeting reputation, declining ability to attract and retain talent. Spot on the "worst" offenders lists of unsustainable organizations.	Compliance is increasingly viewed as an opportunity to innovate. Organization knows what's in the legal pipeline and begins to work toward influencing and shaping better regulation, maybe even with partners or rivals.
Phase 2 — Opportunistic		
Organization is socially and environmentally responsible but these activities tend to be viewed as a necessary "soft" cost of being in "business" versus creating value.	Increased operating costs due to rising cost of energy, and natural resources such as water. Target for NGOs, consumers etc. for green-washing. Greater competition for resources including talent and capital. Increasing scrutiny from major customers and other stakeholders including government and erosion of competi-tiveness as more innovative organizations capture first-mover market advantage.	Using sustainability efforts to make every step in the value chain more efficient. Learns how to redesign operations to use fewer natural resources including water and more renewable energy such as wind and solar power. Generates less waste and greenhouse gas emissions. Reaches out to community partners to build relationships.
Phase 3 — Strategic		
Organization has a strong understanding of the "business" case for sustainability, which is clearly articulated, accepted and endorsed by its board, but not yet internalized. It is already realizing many benefits of its sustainability efforts including reduced operating costs.	Erosion of competitiveness as more organizations use sustainable innovation to develop new business models.	Moves from "reducing" toward "eliminating" such things as waste through closed-loop manufacturing and design processes. Uses principles of nature to inform product design (biomimicry).
Phase 4 — Transformational		
Sustainability is hard-wired into the organization's DNA and, as a result, it has become very good at driving and supporting innovation. Organization has clearly articulated definition of sustainability that is accepted throughout the organization, including boardroom buy-in. It deeply understands all sustainability issues it could face and has a well-defined strategy that it has publicly committed to along with targets and key performance indicators. Sustainability objectives are embedded in the organizational culture.	Sustainability-related risks mitigated.	Develops new business models creating distinct competitive advantage. Creates game-changing innovations that radically alter value-chain relationships. Moves from product development to a solutions-based business model.

Source: Adapted from (i) *The Next Sustainability Wave: Building Boardroom Buy-In* by Bob Willard (New Society Publishers, 2005); (ii) "Why Sustainability is Now the Key Driver of Innovation," by Ram Nidumolu, C.K. Prahalad, and M.R. Rangaswami, *Harvard Business Review*, September 2009; (iii)The Business of Sustainability, a special report by *MIT Sloan Management Review* in collaboration with Boston Consulting Group, 2009.

2. Regulation and legal
Depending on your sector and type of organization, environmental issues may increase your firm's risks in the form of fines, user fees, clean-up costs and government legislation and lawsuits.

Leaders, however, are not waiting for regulators to decide their fate and are turning risk into opportunity. Companies who take the lead in areas of future regulation frequently are consulted by governments and have the opportunity to shape that regulation — in addition to the reduced costs of implementing compliance procedures on your own schedule and not someone else's.

3. Access to capital
Leading financial institutions around the world now practice "responsible lending" whereby they undertake a high level of due diligence to identify, assess and help mitigate the environmental risks associated with financing.

For instance, RBC hired its first environmental risk manager and started screening transactions for environmental risk in the early 1990s. RBC was also the first Canadian bank to sign the Equator Principles in 2003, a commitment to review social and environmental impacts of projects with capital costs over $10 million. It continues to apply a comprehensive risk management review. In 2009, environmental risk management experts in RBC Corporate Environmental Affairs performed detailed environmental credit risk assessments on over 750 transactions in Canada and the United States. RBC also maintains policies regarding environmental risk management for business and commercial markets, with sector-specific guidelines for the chemical and forestry industries.

4. Market differentiation
Your reputation for management of sustainability issues increasingly matters to a range of stakeholders including customers, clients, members, donors, suppliers, non-governmental organizations, lenders, regulators and employees. This element of the business case for sustainability seems to be the best understood amongst Canadian leaders today.

In 2009, Brand Emissions issued its first annual report on 600 leading brands in the United Kingdom. The report, conducted by *Marketing* magazine, Brand Republic, Ends Carbon and Edinburgh University, assesses organizations' carbon emissions performance. Of the 600 brands reviewed using data from the Carbon Disclosure Project, 121 were identified as carbon leaders, with others singled out in media releases and major stories for their positive or negative track record on carbon emissions. For example, one media release from Brand Republic stated, "Two-thirds of the U.K.'s leading brands must do better on carbon emissions, report finds," then proceeded to list several well-known brands that, it says, increased their carbon emissions in 2008 — a story angle echoed in numerous media reports.

The Brand Emissions survey and others like it are just a few examples of the ways in which your reputation could be enhanced or tarnished as a result of what you do — or don't do — to manage sustainability issues.

On the upside, organizations that do work hard to earn and maintain a reputation as a sustainability leader will be rewarded with many benefits including increased customer and employee loyalty. Smart companies will view their stakeholders as allies, partnering with them to help define their environmental sustainability goals and even assess how effectively they are meeting them.

5. Employee engagement
Canadian sustainability expert and author Bob Willard has argued that companies can expect an increase in productivity as a result of a comprehensive sustainability strategy, largely because employees increasingly want to work for companies that are doing their part for communities and the planet. He proposes that this factor contributes directly to the bottom line because of reduced costs associated with recruitment and attrition.

Definition

Carbon Disclosure Project

First launched in 2000 in the United Kingdom, the influential Carbon Disclosure Project collects and distributes information on 2,500 organizations in 60 countries about their GHG emissions and climate change strategies on behalf of 534 institutional investors holding $64 trillion in assets. Other reports, all available online, include procurement by the public sector, supply chain and water disclosure for 300 of the world's largest companies in water-intensive sectors. For more information, visit **www.cdproject.net**.

Now, new research suggests that Willard is on the right path. Organizations with high levels of employee engagement are also seen to have a strong perceived record on CSR, says a new study by Hewitt Associates. The human resources consultantcy surveyed more than 100,000 employees and 2,000 leaders working in 230 companies across Canada for its *Hewitt Associates 2010 Best Employers in Canada* survey.

Engaged employees are important, says Barb Steele, director of membership for Canadian Business for Social Responsibility, because they consistently say good things about your company, intend to stay longer and strive to outperform.

It is also important to note that your employees are the very people who can most directly help your organization become more environmentally sustainable through the development and implementation of innovative solutions.

6. Innovation

Sustainability inherently requires innovation because, by and large, organizations cannot solve the specific sustainability challenges they face by doing what they have always done. The organizations that are at the forefront of sustainability — leaders like GE, P&G and Nike, Inc. — are not merely adding green products or services, they are fundamentally changing the way they do business and using the opportunity to entirely transform their organizations into more sustainable businesses.

"Companies large and small are learning that sustainable business practices not only help the environment, but also improve profitability by supporting greater efficiency, reduced waste, less liability exposure, improved community relations and more."

— National Environmental Education Foundation.

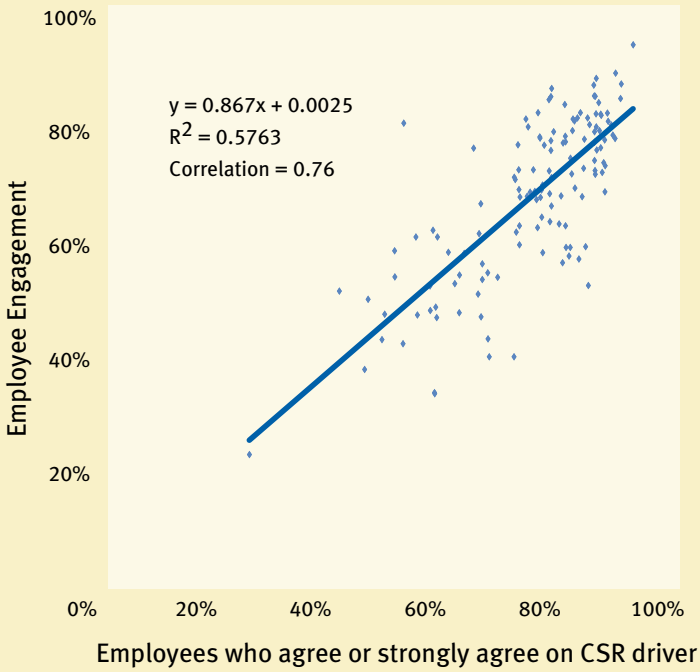
"There is no alternative to sustainable development," note Ram Nidumolu, C.K. Prahalad, and M.R. Rangaswami in the opening sentence of their co-authored article, "Why Sustainability is Now the Key Driver of Innovation," in the *Harvard Business Review* (September 2009).

All too often, sustainability is treated as an either-or scenario where becoming more environmentally friendly is seen to make business less competitive because of perceived increased costs with little or no payback — but that is simply not true, say the authors.

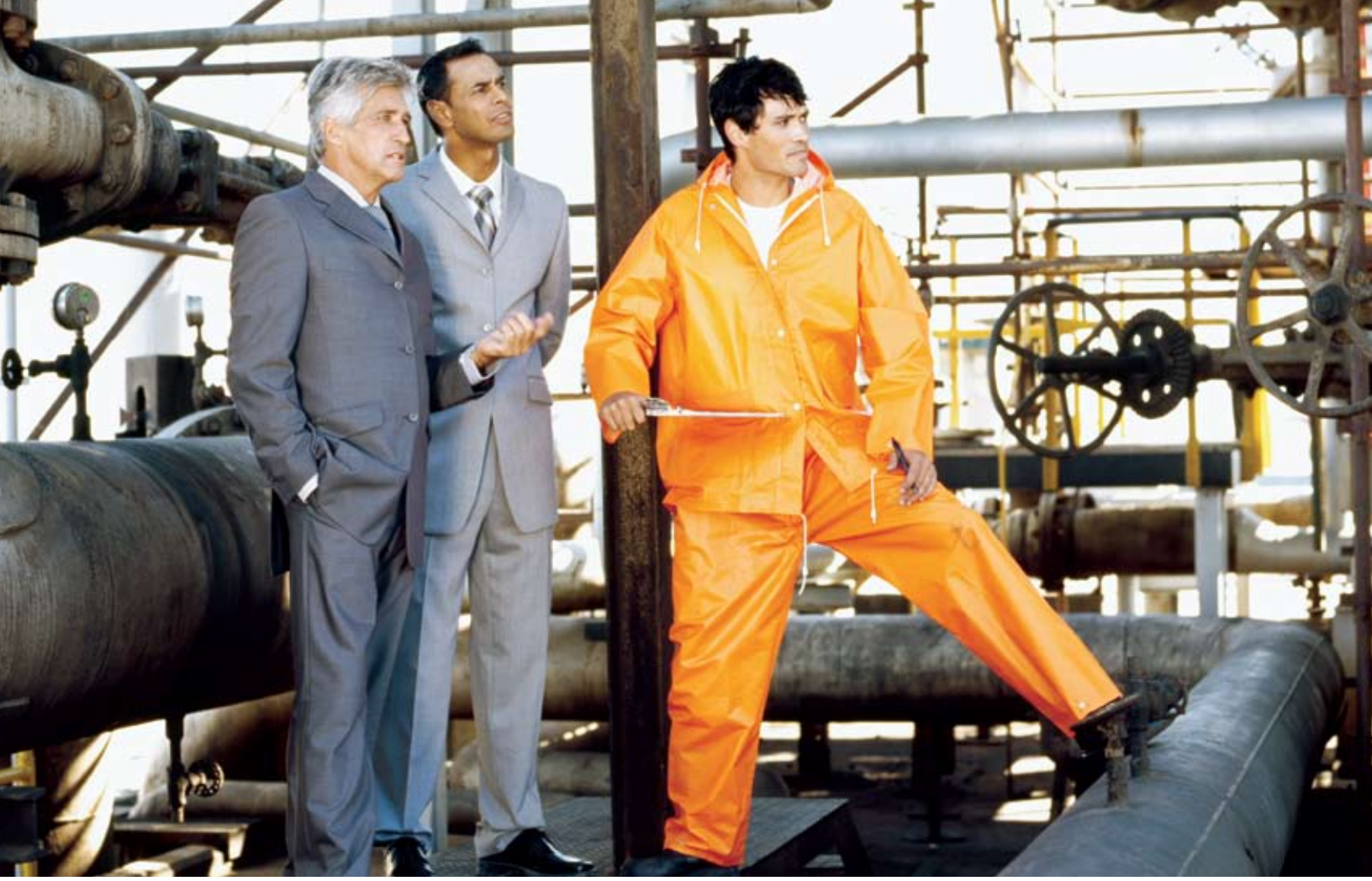
Employee engagement is positively linked to an organization's corporate social responsibility (CSR) record

A scatterplot clearly illustrates that employees in high engagement organizations tend to be more positive about CSR in their organizations than those with low engagement, notes Neil Crawford, a principal with Hewitt Associates.

This chart shows the overall level of employee engagement at each of the participating organizations plotted against the percentage of employees in the same organization who agreed or strongly agreed with the statement: "This is a socially and environmentally responsible organization."



Source: *Hewitt Associates 2010 Best Employers Study*. Reprinted with permission.



"Our research shows that sustainability is a mother lode of organizational and technological innovations that yield both bottom-line and top-down returns," note Nidumolu, Prahalad and Rangaswami. "Becoming environmentally friendly lowers costs, because companies end up reducing the inputs they use. In addition, the process generates additional revenue from better products or enables corporate innovation, we find that smart companies now treat sustainability as innovation's new frontier."

Innovation is not just a benefit reserved for for-profit companies either. From school boards to universities to non-profits, every day new examples emerge of ways in which public sector, community and environmentally oriented organizations are using their creativity and ingenuity to solve tough problems.

Of course, not every potential business benefit will apply to your organization. Indeed, part of the challenge of understanding sustainability is determining the business case for your organization and then selecting focus areas to build your strategic plan upon — a major activity outlined later in this guide.

"One thing that is very clear to me after years of doing this is that organizations that take a first step always take a second and a third and they don't stop. You just have to get started."

— Christopher Henderson, The Delphi Group.

What's next?

Now that you have a better understanding of what environmental sustainability is and why it matters, it is time to begin your organization's journey to green. In the next section, you will find a five-step process to help you get started toward the development of your strategic plan for going green. Regardless of where your organization is starting from, your strategic plan will be different than others, as there is no one-size-fits-all solution. With the help of this guide and other resources, you will soon find your organization's own unique path.

The key is to commit to act — then start walking.

Case study

Energy-efficiency leader

How B.C.-based Legend Power Systems Inc. is capturing market opportunity while helping other organizations reduce their energy bills and carbon footprint.

Gerry Gill, former head of the world's largest ginseng grower, was approached in the early 1990s by an associate to consider an investment in Japanese technology that could increase energy efficiency by optimizing incoming voltage. The first thing he said was, "I'm not an engineer and I don't have any knowledge about the power industry, but I will most certainly look into it."

Gill did look into it, liked what he saw and soon acquired the global (excluding Japan) distribution rights and started Legend Power Systems Inc., a privately held company based in Burnaby, B.C. The technology comprises two parts: an electromagnetic transformer ("harmonizer"), about the size of a three-drawer high filing cabinet, and an electronic voltage regulator. The voltage regulator senses what level of voltage is coming into the building and optimizes it. "It basically takes the inefficiencies out of the electrical system," says Gill, Legend Power's chairman and chief executive officer.

After nearly a decade of research and development, and testing at beta sites, Legend Power is now in the commercial and light industrial sectors, helping organizations such as big box chains, hotels, hospitals, recreation centres and grocery stores save money. Results from the use of the harmonizer are easily measurable with an estimated 6% to 10% energy savings in electric costs, as well as reduced maintenance costs and greenhouse gas emissions.

The payback period after incentives in Ontario and B.C. is between 2.5 and four years, says Gill, depending on energy consumption levels.

Honda Canada saved 6% of its electrical energy costs by installing Legend Power's harmonizer technology at its West Coast distribution warehouse in B.C. while, at IKEA's Richmond, B.C. store, energy costs dropped by 7%. "Even during our summer period with air conditioning loads, we still ended up with the equivalent electrical bill saving results in the range of 8.7% on our entire facility load," says Doug McCann, general manager of IKEA Richmond Ltd., in a case study on Legend Power's website.

Gill's advice for other organizations looking to become more efficient through an energy retrofit: "Be strategic," he says. "It is important that you ensure that all the changes you make to the facility and all the technology implemented work together and truly complement each other."

About four years ago, Gill says Legend Power installed three harmonizers in three buildings at B.C. Hydro — saving 800,000 kWh (enough power for 80 homes per year) and $45,000 a year.

The potentially positive impact on the environment and, ultimately, the mitigation of climate change due to decreasing demand on the electrical power grid, wasn't even on Gill's radar when he made the decision to acquire the distribution rights. "When I went into this, I looked at it strictly as a business opportunity. But now that we've been in it for more than 10 years, we know we can make a substantial positive impact on the environment, and I think that's what drives our team, including many who have made personal sacrifices to advance the business to where we are today."

Legend Power Systems Inc. founder, Gerry Gill, with his "harmonizer" voltage optimization technology. Images courtesy of Legend Power.

Part Two

Going green: Your guide for the journey

A step-by-step approach to environmental sustainability

By working through the activities and tasks that follow, you will be laying a strong foundation for environmental sustainability in your organization. You will also find a growing number of other RBC tools and resources located on the RBC Commercial Advice Centre at **www.rbc.com/business-advice** to support you in this work.

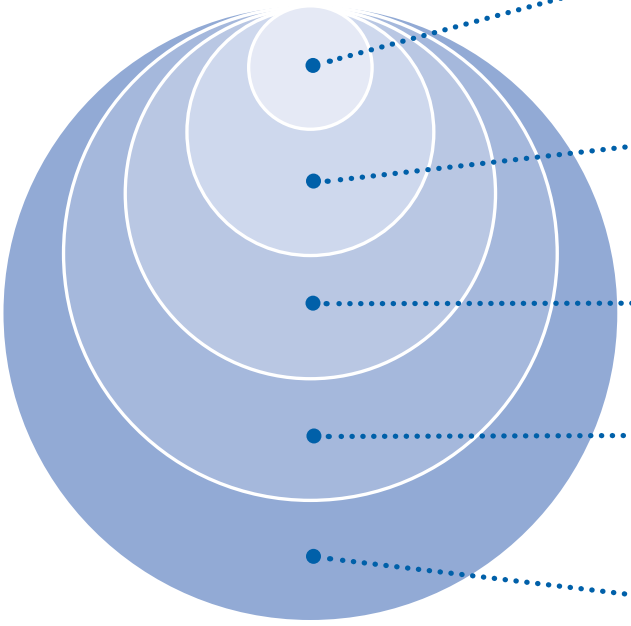
As you move your organization toward environmental sustainability, it is important to remember that the way forward will not be a linear "A to Z" path. Think of the journey as starting from the core of your organization, beginning with a commitment to change, and moving outward to where green is mainstream through the integration of environmental sustainability into all aspects of your organization.

In the beginning, your circle may be quite small, maybe just you or a "green team." As you move outward, more individuals, teams and stakeholders will be engaged, both inside and outside your organization.

Starting at the centre and moving outwards, some of the steps may need to be returned to over again in deeper and wider radiations. How far and deep you decide to go is up to you and your team.

Finally there is no one right way to do it. The suggestions that follow are solid ways forward — but not a single path. Use what works for your organization and learn from others.

Most importantly, share your success so others may learn and, ultimately, be inspired by what is possible when you commit to becoming a more environmentally sustainable organization.



1. Commit to change
Prepare for going green by making a commitment, forming a team, taking stock of your resources and finding your starting line.

2. Understand what matters
Assess your environmental impacts and relationships with stakeholders, and then use this information to build your organization's case for change.

3. Focus your vision
Create a compelling vision for an environmentally sustainable organization and identify your priority issues.

4. Create your strategic plan
Generate ideas and prioritize actions, then develop a tactical path to achieve your short- and long-term environmental sustainability objectives.

5. Make it mainstream
Hard-wire "green" into all facets of your organization and celebrate successes.

1. Commit to change

Prepare for going green by making a commitment, forming a team, taking stock of your resources and finding your starting line

As a leader, you should not just talk about going green; you have to back up your words with actions. Tangible ways of demonstrating your commitment to change as a leader are to declare environmental sustainability a top strategic priority and provide adequate resources — people, time and dollars.

Do not try to walk this journey alone, for employee engagement is also a key success factor. "Every day, employees across an organization make decisions with far-reaching environmental and social consequences," says a U.S.-based non-profit, National Environmental Education, in its white paper, *The Business Case for Environmental and Sustainability Education*. "Informed decisions about such routine matters as: procuring a corporate vehicle fleet; programming heating and cooling systems; adjusting energy settings on computers; commuting to work; and even purchasing paper, printers or kitchen equipment can reduce a company's environmental footprint and improve the bottom line."

Your employees are also a rich source of problem-solving ideas. Without your employees onside, you will not cultivate the holistic thinking required to fully achieve your green goals.

Having said this, it is not necessary for every employee to be involved right from the start. You can start with a small group of people or work closely with one or two dedicated individuals and then, as your plan develops and solidifies, engage more and more stakeholders.

Should you choose to create a more formalized structure, sustainable change experts like Bob Willard recommend a cross-functional, sustainable leadership team that "has the authority to legitimize the sustainability transformation and be accountable for it." Ideally, this group will include members of the senior management team as well as managers from various functional units throughout the organization such as sales and marketing, communications, and customer/client/member services. What the team or committee is called is not as important as "its visible leadership role and clout," he says.

The key is to intermingle people, notes sustainability expert Bob Doppelt in his article entitled "Overcoming the Seven Sustainability Blunders," in *The Systems Thinker*. "Planners and decision-makers often surround themselves with like-minded people, do not trust the unknown or may feel threatened by change. Consequently, they handle problems in the same way time after time," he says, presumably achieving the same unsustainable results.

Help desk

This guidebook and other items such as articles about assessing and managing carbon, how to do an energy retrofit, financing brownfield redevelopments, and videos and podcasts with sustainability experts, are available on the **RBC Commercial Advice Centre** at www.rbc.com/business-advice.

The Natural Step Canada offers a comprehensive Sustainability 101 e-learning course for a nominal fee at www.thenaturalstep.org/en/canada/.

Canadian Business for Social Responsibility, a non-profit, member-led organization, also offers many useful, business-oriented tools at www.cbsr.ca.

Later, when your sustainability planning process is underway, you may consider the creation of additional committees or teams — composed of representative employees from every level of the organization — tasked with particular areas of focus such as waste reduction, energy management or community engagement.

Find your starting line

It is useful to think about sustainability not as something new, but as building upon the momentum your organization has already achieved toward such areas as improved energy efficiency and community engagement. To do this, you will want to take stock of existing resources and assets.

Get started with these questions:

› What frameworks or initiatives does your organization already use? For example, you may already be using the ISO 9000 quality management framework, which aligns well with sustainability management. For certain organizations, using the ISO 14000 environmental management system framework components, a refinement of ISO 9000, may be useful.

› Do you have existing "green" or other sustainability-related committees, task forces or teams? How were they formed? Who is on them? What have they accomplished to date? Are there any areas of sensitivity? For example, an existing team or individual may already have a strong sense of ownership over your organization's "green" strategy. How can you leverage this in a positive way?

Tool

Self-assess with a "Sustainability Audit"

As you begin your journey toward sustainability, it is useful to gain a better understanding of where you are starting from relative to other organizations who may be further along the "Sustainability Continuum" (see page 12). Visit the **RBC Commercial Advice Centre** at www.rbc.com/business-advice and download a free "Sustainability Audit" tool. It will help you undertake a self-assessment to gain a deeper understanding of where you are and what kinds of activities will be necessary to help your organization move through the different phases.

› Are there certain individuals within your organization who have already demonstrated an interest in these issues? What are their skills and capabilities? How could their passion and knowledge be harnessed?

› Do your policies and processes support or hinder progress on sustainability? These could include everything from employee compensation structures to the way in which products are conceived and brought to market.

› Are there any strategic planning sessions already under way or soon to start? Ideally, planning for sustainability will be integrated into existing processes though this may not be possible for every organization.

› Is green a top priority? Sustainability needs to be a strategic priority, not a one-off program.

Acquiring a common language for "sustainability"

It is smart to assess how your organization currently defines "green" or "sustainability" — if at all.

Establishing a shared understanding of underlying environmental challenges and what it means to become more sustainable will help empower employees, better positioning them to contribute to a productive dialogue and be part of the solution with their ideas and actions. You will also boost efficiency with less wasted time due to misunderstandings, helping your organization achieve desired results faster.

Depending on the size of your organization, a simple, cost-effective online survey of your employees can help you assess where you are starting from in terms of the depth and breadth of employees' knowledge around environmental issues and their impacts upon the organization.

Walking the talk

"Sustainability networks" for innovation

"We view sustainability as core to our business and an important innovation strategy, not simply as an environmental initiative," states **Canadian Tire Corp.** in its *2009 Community & Business Sustainability Report*. "Our objective is to grow our business while enhancing our environmental and social performance." The national retailer leverages executive-led "sustainability networks" made up of employees from across the organization to "drive innovation across Canadian Tire" and to achieve its strategic objectives.

For instance, its "Packaging Sustainability Network" held a half-day "treasure hunt" for the retailer's merchandising teams at its Toronto stores, "uncovering over 3,000 potential packaging right-sizing opportunities, which could potentially generate millions of dollars in annual transportation savings and result in substantial carbon reductions."

Source: http://corp.canadiantire.ca.

Transforming trash into green

Waste Management (WM) speculated what it could do with an estimated $9 billion worth of reusable materials in the stream of garbage its trucks transport to landfills annually. Their question arose as some customers wondered why they were literally throwing away dollars in waste. With this insight, WM set up a "Green Squad" to investigate, resulting in a partnership with Sony to collect recyclable electronic waste that used to go to landfills. It is sustainability-minded innovation like this that has enabled WM to transform itself from a hauler of waste into a company that shows customers how to recover value from — and reduce — their own waste.

Source: "Why Sustainability Is Now the Key Driver of Innovation," by Ram Nidumolu, C.K. Prahalad, and M. R. Rangaswami, *Harvard Business Review*, September 2009.

2. Understand what matters

Assess your environmental impacts and relationships with stakeholders, and then use this information to build your organization's case for change

With your common understanding of the sustainability challenge and a sense of where your organization resides on the "Sustainability Continuum," it is now time to understand what matters.

Are your employees helping or hindering your ability to go green? What are your suppliers doing to become more environmentally responsible? Does your organization face water- or carbon-related risks? Is your manufacturing or transportation process contributing to the systematic build-up of GHG emissions in the atmosphere? Does the waste you generate help or hinder ecosystems in any way? How is your organization already making a positive impact on the environment? The preceding questions are just a few of many you will address as you embark on this next group of tasks.

Here, you will conduct an analysis of your key stakeholders such as employees, suppliers and customers or clients, then undertake a sustainability impacts analysis to assess your organization's environmental impacts and better understand strengths, weaknesses, risks and opportunities; think of it as a SWOT analysis for environmental sustainability.

Combined, this baseline information will establish a touchstone in time against which your organization's sustainability efforts can later be measured. It will also provide critical insight to help you prioritize objectives and, ultimately, create your vision for a more sustainable future.

Depending on the scope of your analysis and the size and type of your organization, other specialized technology, tools and resources may also be required to complete or deepen your sustainability impacts assessment.

Conduct a stakeholder analysis

Stakeholders are individuals or groups with a vested interest in the activities of your organization.

Due to their complex and interconnected nature, environmental sustainability issues are not easily tackled without some form of collaboration with stakeholders such as employees, suppliers, community, customers and clients, non-governmental organizations (NGOs) or government.

Here are the main steps toward undertaking a stakeholder analysis:

- Who are your organization's stakeholders? List each one on a spreadsheet.
- Why is each group or individual important? What is important to them? Do they support or hinder your organization's efforts to go green?
- Prioritize based on levels of importance and interest (this can be done visually with a matrix or map).

Help desk

A number of other resources are available through the **RBC Commercial Advice Centre** at www.rbc.com/business-advice, including articles with tips and advice on such topics as conducting a paper waste audit, assessing water risks and greening your supply chain.

› Validate your assumptions by speaking with stakeholders you have identified as being important to your organization. Use this feedback to refine your assumptions.

Leverage a variety of research methods, such as surveys and one-on-one interviews, to gain market and operational insights from customers, colleagues and other stakeholders.

Use the information collected to help inform and shape your strategic plan. This exercise will enable your organization to determine what is most important to various stakeholder groups.

Assess your inputs, outputs and impacts

Simply put, a comprehensive environmental impacts analysis should measure what comes in and what goes out and how those inputs and outputs impact the natural environment, and how your organization contributes to or detracts from greater environmental sustainability in the world around it. In the language of an ISO 14001 environmental management system, this is known as a review of environmental aspects.

1. Your inputs
What are your inputs? They include raw materials such as water, fiber, metal for products that you manufacture, electricity for running your operations, office supplies, furniture, and other products or services purchased from suppliers.

2. Your outputs
What are your outputs? Materials also flow out of your organization in the form of goods, services and waste. Direct outputs include solid and liquid waste, scrap paper, GHG emissions, chemicals and other human-made or organic compounds and substances produced as a result of the manufacturing or offering of your organization's goods and/or services. Indirect outputs could include the emissions at your suppliers' facilities, associated with the products and services that you have purchased.

3. Your impacts
For each input and output, identify where your organization is having an impact on the environment. It is vitally important that you capture both positive and negative impacts since knowing where you are doing

How to conduct a waste audit

As its title suggests, a waste audit uses a structured process to quantify the amount and types of waste your organization generates. The results of a waste audit can help you identify opportunities to improve your current waste management practices, which can reduce operating costs and lighten your firm's environmental impact.

Waste also presents revenue-generating opportunities as your trash may be a valuable resource for another organization (see "Transforming trash into green," page 23).

Waste audits can be done on your entire waste management stream, or on specific components such as paper and office waste, commercial, industrial and construction waste, etc.

A waste audit will help you answer the following questions:

› What kinds of waste do we generate and how much? This is your baseline against which you will measure future progress.

› How is our current system working?

› How can our current system be improved? How can we reduce the amount of waste we generate?

There are four major steps to a waste audit:

› **Plan:** What is the scope of your audit? Just paper, or all types of waste? One department or the entire building? Define objectives — and don't tell your entire staff in advance so as to avoid potentially skewed results.

› **Collect:** Collect the waste from your study area. This may require the engagement of facilities and cleaning managers.

› **Sort:** Every bag of waste should be weighed, then dumped out and sorted in a carefully prepared area (covered tables, etc.) and decontaminated.

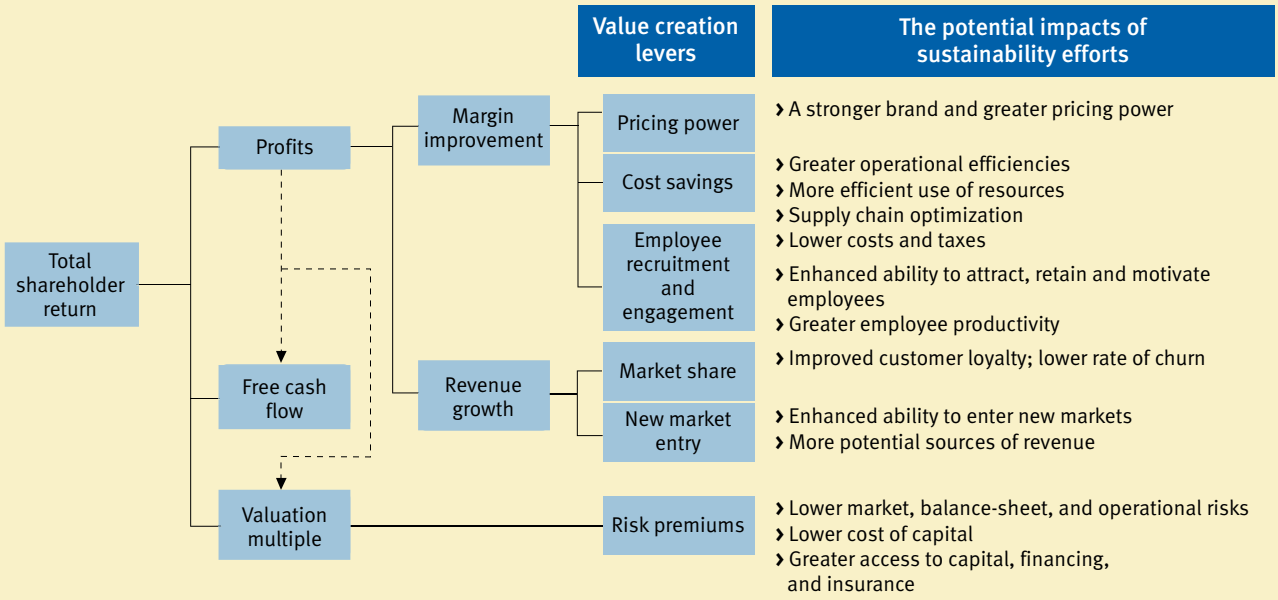
› **Analyze:** Data needs to be entered into a spreadsheet and analyzed.

In some cases, your facilities manager or waste management company may also provide valuable information about your organization's waste output.

Source: Adapted from www.solidwastedistrict.com.

Pulling the levers of value creation

Companies create value in many ways, ranging from cost savings to increased market share to pricing power. What value creation levers are important for your organization?



Source: "The Business of Sustainability," a special report by *MIT Sloan Management Review* with Boston Consulting Group. © 2009 by Massachusetts Institute of Technology. All rights reserved. Distributed by Tribune Media Services. Reprinted with permission.

well and where you can do better will help you and your team to pinpoint actions that will bridge gaps and build upon your organization's strengths.

Whenever possible, you also should strive to understand the systems or life cycles of each of the above areas. Where do the material inputs into your product come from? What are they made with? How were raw materials harvested or gathered?

You may choose to start with, or focus on, a particular area such as waste, carbon dioxide or water. There are many tools and resources to help you assess your carbon or water footprint including the "How to conduct a waste audit," at left, along with others located on the RBC Commercial Advice Centre at www.rbc.com/business-advice.

While an environmental impacts analysis may seem daunting for organizations with access to fewer resources, there is an upside. "Smaller companies may have an advantage because their owners and managers will be more familiar with the entire operations than somebody working in a large company would," says Jean-François Barsoum, senior managing consultant and practice leader, green innovation strategies, IBM Canada.

Definition

Life cycle assessment

Life cycle assessment (LCA), sometimes called "cradle-to-grave" analysis, is a tool used to assess the environmental and social impacts of a particular product or service from the resource extraction stage, through manufacturing and use, and right to its end of life and disposal. A life cycle analysis enables you to make decisions early in the design stage to improve a product's environmental attributes, using materials, for instance, that make it easier to be 100% recyclable.

Walking the talk

Cleantech climber

Based in Montréal, Québec, **Enerkem** saw its environmental business opportunity in the cleantech sector, using green chemical and waste-to-biofuels technology. The company's commercial-scale plant in Westbury, Québec is the first in the world to use, among other materials, treated wood, such as railway ties typically sent to landfills, to produce local, clean energy. The company, whose clients include communities and municipalities, is currently developing waste-to-biofuel plants in Edmonton, Alberta and Pontotoc, Mississippi. With much recognition for its innovative technology, in 2009 Enerkem was named one of the 50 hottest bioenergy companies in the world by *Biofuels Digest*.

Source: www.enerkem.com.

Collaborating with suppliers

The **Nike, Inc.** supply chain includes 600 contract factories employing more than 800,000 workers in 46 countries around the world, each supplied by between five and 10 vendors. In its *2007–2009 Corporate Responsibility Report*, Nike says it now realizes it cannot meet its sustainability objectives with a command-and-control approach; imposing its monitoring and policing tools on its suppliers had unintended consequences.

For example, Nike notes that when it restricted its manufacturers from using certain harmful chemicals in the manufacturing of Nike products, it unintentionally gave suppliers an incentive to outsource the questionable process, rendering the restricted chemical invisible in Nike's supply chain. In hindsight, a more effective approach would have been to communicate with its suppliers about desired results, while building relationships whereby all parties work to find solutions.

"We thought that we could be a unilateral force for systemic change," said Mark Parker, president and CEO, Nike Inc., in its report. "Instead, we learned that meaningful reform was not going to come from external pressure alone. If we are to enable systemic change, we can't do it alone. We need partners. We need collaboration from industry, civil society and government. And we need to show the real benefits of lean manufacturing and human resource management."

Source: www.nikebiz.com/responsibility.

Build your case for change

As with any new initiative or investment your organization makes, your strategic plan for going green is not going to move very far forward if not supported by a tailored "business" case.

Building a proper business case will ensure your strategic plan for environmental sustainability aligns well with your organizational goals.

Assess the risks and opportunities associated with various aspects of your operations related to going green. Identify the risks associated with the opportunity (e.g., operational, product, supply chain, reputational). How will they be managed? What is the opportunity cost — that is, what is the cost of doing nothing?

Be mindful of your assumptions and their basis. What would happen if your assumptions changed?

What are the features of programs that are most likely to get "buy-in" within your company, and how do your environmental sustainability efforts align with those built-in levers? Correlating your initiatives with the values that are most important to your organization is like hitting the "sweet spot" in golf, catching the ball at exactly the right place for maximum results. (See "Pulling the levers of value creation," page 27.)

Playing the "what if?" game

Global companies often use "scenario planning" to help managers and leaders create more flexible, long-term plans. This strategic planning tool can be used by small- and medium-sized organizations. Scenario planning is particularly useful in unearthing critical context for your organization's business case, which will be far more compelling to employees and stakeholders than a generic one-size-fits-all business case for why your organization should go green.

With your managers, try to answer the "what ifs?" Another way to approach it is to delegate an individual or group from your senior management team to delve into a particular question or series of questions more deeply and report back. Either way is certain to yield interesting insights into your current strengths and weaknesses.

For larger organizations, IBM Canada's Jean-François Barsoum recommends scenario planning with the cost of carbon being one of the variables. He suggests asking questions such as: What is the impact of a $15 per tonne carbon price on our supply chain? Our shipping costs? Our business model?

Here are a few more questions from Barsoum to help you get started:

- What would happen if the price of energy were to double? Would our market increase or decrease?
- If the price of diesel that goes into our trucks doubles overnight, what would happen to our cost of delivery? The cost of our supplies? The profit margin on our products or services?
- How would a change in oil prices impact our shipping and delivery costs?
- What would happen if the price of electricity or natural gas were to increase by 50% one year out? How would that impact our operating expenses?
- How would our customers feel about our products or services if energy prices swelled? Will customers come to us because we are more efficient? Will they come to us because we are more expensive but pay off in the long run? How are we positioned?
- What would happen if we increased our energy efficiency by 10%? By 50%?

Other questions to ask suggested by RBC's sustainability experts:

- What if our primary customer asked us to reduce our packaging by 50%? Or increase the recycled content of our product?
- What if our primary customer asked us to move to a different sales model, like leasing? What would change if we became responsible for the disposal of our product at the end of its life?

Definition

Biodiversity

" 'Biodiversity,' or 'biological diversity,' refers to the variety of different species, the genetic variability of each species and the variety of different ecosystems that these species form. Environmental degradation resulting from human activity and the forces of climate change is disrupting the natural biodiversity of habitats and ecosystems. We recognize that critical natural systems and the abundant biodiversity they support must be preserved in order to maintain healthy communities and cultural values."

Source: *RBC Environment Blueprint* at www.rbc.com/environment.

Case Study

Protecting biodiversity through better paper choices at RBC

RBC has selected three priority environmental issues for its programs and projects: climate change, biodiversity and water. As one of Canada's largest financial institutions, RBC recognizes that critical natural systems and the abundant biodiversity they support must be preserved in order to maintain healthy communities and cultural values — that is why it cares about how much paper it uses (its paper "footprint").

"Consumption of resources has an impact on biodiversity preservation," says Andrew Craig, senior manager, environmental initiatives, RBC. "We use a significant amount of wood in the form of paper and, to a lesser extent, through other products such as furniture."

RBC tracks its paper usage in two ways: 1) how much office paper it uses internally; and 2) how much paper it uses in marketing and direct mail, the paper RBC sends its clients including statements, annual reports, etc.

In the *RBC Environmental Blueprint*, the bank has made the following paper-related commitments:

- Reduce the amount of paper it uses, on a per employee or per customer basis, by expanding its electronic services and paperless banking options for clients and employees while maintaining the highest level of commitment to information security and privacy protection;
- Continue to encourage regulators to support the electronic delivery of documents to clients;
- Reduce or eliminate duplicate distributions of its annual reports and other documents; and
- Ensure that the paper it purchases contains recycled fiber and that, where available, it is certified by the Forest Stewardship Council (FSC), Canadian Standards Association or equivalent, indicating that it has been harvested from sustainably managed forests.

In an effort to better understand the life cycle of paper products, RBC asked Domtar, a paper supplier, to take the Corporate Environmental Affairs department at RBC on a tour of Domtar's FSC-certified woodlots, harvesting operations and pulp and paper mills in Québec.

"Seeing these operations at ground level helped us to understand the environmental and social benefits of FSC-certified wood products," says Craig. "This also helped rationalize our decision to purchase FSC-certified paper as an organization."

From there, RBC worked with its suppliers, primarily Domtar and Xerox, to negotiate a fair price for FSC-certified office paper (which can cost more than uncertified paper) and, on September 19, 2008, announced its commitment to migrate to sustainably sourced office paper throughout its operations in Canada, the United States and the United Kingdom.

In 2009, RBC increased the proportion of certified sustainably sourced office paper across its North American and British Isles operations to 84%, compared to 15% in 2008. It also increased the proportion of certified sustainably sourced marketing and direct mail paper across Canadian, U.S. and the British Isles operations to 52%, compared to 37% in 2008. Today, 98% of all of sustainably sourced paper is certified to the FSC standard.

To learn more about how RBC is greening its business, please visit www.rbc.com/environment.

To learn more about the Forest Stewardship Council and its certification programs, please visit www.fsccanada.org.

The paper footprint of RBC

Key Performance Indicators	Year		
	2007	2008	2009
Office paper* (tonnes)	2,907	3,886	3,579
Certified sustainably sourced office paper	n.a.	15%	84%
Office paper use per employee (kilograms per full-time equivalent)	60	59	56
Marketing and direct mail paper* (tonnes)	6,643	8,863	7,901
Certified sustainably sourced marketing and direct mail paper	n.a.	37%	52%

*Paper data coverage has increased since 2007 and, therefore, has affected this indicator.

3. Focus your vision

Create a compelling vision for an environmentally sustainable organization and identify your priority issues

Now is the time to create a compelling vision for your organization — a process that should not be about just putting words on paper. A compelling vision should energize and above all, be challenging enough to cultivate the creative tension that can spark innovation amongst employees.

The key here is collaboration and imagination. Do not be limited by what you think your organization is capable of achieving today. Focus rather on where you want to be in the future — not how you are going to get there. Specific tactics that will be required to achieve your desired, sustainable vision will come later when you transform your vision into prioritized actions outlined in your strategic plan.

Before you can create your vision, however, you will need to choose priority issues: those areas where your organization will focus its attention in order to reduce its environmental impacts.

Identify your priority issues

With so many environmental challenges, it is easy to become overwhelmed as an organization. Where do you start?

Whether you run a large commercial business, small-to-medium sized organization, a school board, municipality, university or a not-for-profit, you must be strategic in choosing your sustainability strategies and goals.

Aligning your environmental objectives with your organization's overall strategy and goals will keep employees focused and ensure your teams are continually building value.

In 2007, RBC selected three priority areas — biodiversity, climate change and water — on which to focus its efforts and help direct its plans to leave a smaller footprint.

"At RBC, we determined that for us, a 'priority environmental issue' had to do three things," says Sandra Odendahl, director, corporate environmental affairs, RBC. "First, it had to have an impact on our business activities or the business activities of our suppliers or clients. Second, the issue also had to somehow be impacted by our business activities, or the activities of our suppliers or clients. Finally, the issue had to also be important to a wide array of stakeholders."

Walking the talk

- The municipality of **Whistler**, B.C.'s 2020 vision is to "...be the premier mountain resort community — as we move toward sustainability." To achieve this vision, the town has adopted five priority goals — including "ensuring economic vitality," "enriching community life," and "protecting the environment." Each priority has a detailed vivid description of what success will look like in 2020.
  Source: www.Whistler2020.ca.
- "At **Walmart**, we know that being an efficient and profitable business and being a good steward of the environment are goals that can work together. Our broad environmental goals at Walmart are simple and straightforward: to be supplied 100% by renewable energy; to create zero waste; and to sell products that sustain people and the environment."
  Source: http://walmartstores.com/sustainability/.

Below, Odendahl outlines why RBC selected each of its three priority areas:

Climate Change: "The physical and regulatory effects of climate change will affect our suppliers, our own operations and our customers. Furthermore, our use of energy and other resources has an indirect impact on climate change, and our major stakeholders are very interested in what large companies like RBC are doing to manage the issues associated with climate change."

Biodiversity: "We use a lot of paper, and when we do a life cycle assessment of paper, it is easy to see how the harvesting of trees can have a major biodiversity impact. Environmental groups have been particularly vocal in their calls for large users of paper and wood products to make sure we know where those products come from and how the extraction of the raw materials affects biodiversity."

Water: "Access to water is an important issue for some of our suppliers and customers, depending on where they are located. And reliable access to clean drinking water is an important issue for many communities in the world, including in Canada's own Aboriginal communities."

Put your vision in focus

Here are some questions to help your team envision its future as a sustainable organization:

- What is our organization's core purpose? Core values?
- What does success look like for our organization in five years? 10 years? 50 years? In the next century?
- What would it be like to be an employee at our organization 20 years from now? What will employees tell their friends and family about this company?
- What would it be like to be a customer or client of this organization two decades from now? A supplier?
- If, in 2030, our organization is singled out by media as a sustainability leader, what does the headline say?

Source: Adapted from *The Sustainability Champion's Guidebook* by Bob Willard (New Society Publishers, 2009); *Leading Change toward Sustainability* by Bob Doppelt (Greenleaf Publishing, 2003); and The Natural Step Canada, www.thenaturalstep.org/canada.

Walking the talk

Nike Inc.'s "North Star" vision for sustainability

Nike's employees envision a bold, new long-term vision for sustainable product innovation by using the The Natural Step's definition of environmental and social sustainability (briefly described on page six). The resulting "North Star" vision (below) focuses on six key areas where Nike knew it could make a significant impact.

Healthy Chemistry	Climate Stability	Water Stewardship	Closing the Loop	Thriving Communities	Game Changers
Minimize the impact of product ingredients throughout the life cycle.	Provide leadership toward climate stability.	Borrow water responsibly and return it clean to communities.	Product creation to allow for material recovery or safe return to nature.	Enable all our stakeholders along our value chain to meet their needs and lead fulfilling lives.	Educate, challenge and empower athletes to join the sustainability journey.

Source: www.Nikebiz.com/crreport and the Nike "Running a Cleaner Race" case study on www.naturalstepusa.org.

Case study

Landmark Group of Builders' vision for green

An Alberta-based builder sets its sights on affordable net-zero homes.

Reza Nasseri knows about waste — or at least how to avoid making it. As an immigrant to Canada from Iran in the 1960s, Reza was surprised to see how much went to trash. Back in his homeland, everything was reused — even plastic bags were washed over and over until worn. "Anything that was wasteful in my family was taboo," he remembers. "We had to use everything."

So when he started his own company, building homes in Edmonton, Alberta in 1977, Reza kept pushing the envelope on construction waste reduction and energy efficiency — but quietly. "Slowly, slowly, every year, we made our homes less wasteful and more efficient," he says. "But we didn't tell anyone about it because people didn't seem to care about energy efficiency."

Today, the Landmark Group of Builders, a group of five construction companies located in Edmonton, Red Deer and Calgary, Alberta, builds residential housing and small developments and is moving into high-rises. At least half of the homes Landmark builds in Edmonton are Gold- or Platinum-certified by Built Green, an industry driven voluntary program that promotes green building practices in Alberta and B.C.

Still, Reza and his management team felt they could be doing more to help the environment. By working with The Natural Step Canada, Landmark has developed a new vision for the future, including one very ambitious strategic objective: "Our goal is to be net-zero at affordable prices by 2015," says Reza, referring to buildings that require zero energy from fossil fuels and, therefore, emit zero carbon dioxide emissions. "I feel very comfortable that we will get there, if not sooner," he adds.

The way homes are commonly built today can be very hard on the environment with trucks delivering materials and labour back and forth to the site. To address this, Landmark is also moving toward pre-fabricated industrialized solutions, where homes will be built as a package of panels at a factory. "We will deliver a house to the site and in one day, it will have a roof, windows in and locks on the door and in a few weeks more, will be completely finished," says David Nasseri, Landmark's innovation and sustainability director.

For Landmark, the innovative building approach will give them a competitive advantage through "radical improvements in productivity of materials and labour," improved reputation as a green builder and an anticipated 30% to 40% reduction in total greenhouse gas emissions. The resulting cost savings will also allow Landmark to improve the sustainability of their homes through super insulation and advanced measures, at no extra cost to their customers.

4. Create your strategic plan

Generate ideas and prioritize actions, then develop a tactical path to achieve your short- and long-term environmental sustainability objectives

With your organization's vision and priority environmental issues in mind, brainstorm all the possible actions that could be taken to achieve these objectives.

Select only those actions that will support and contribute to your organization's ability to be "competitive" — as measured through such metrics as increased market share, donations or members, and/or public funding.

Here are some other considerations for this exercise:

- What is the problem or opportunity that this action addresses? Keep it relevant by focusing on the issues that could have an impact on your organization.
- How will the intangible contributions of your sustainability efforts be measured and assessed? Look for links between intangible benefits from your sustainability initiative such as boosts in your brand and reputation, as well as tangible benefits that match your organization's high-priority value drivers (for instance, reduced capital expenditures, risk reduction and margin growth).
- Quantify the positive and negative outcomes of relevant "green" initiatives already undertaken by your company. How do your ideas build upon these previous initiatives and wins? Is there a platform upon which to create something larger down the road?

Prioritize your actions

With your long-list of potential actions, you must now figure out which ones to include in your strategic plan.

The Natural Step Canada encourages organizations to use the following three questions when prioritizing your potential tactics for sustainability:

1. Right direction: Does your action or investment move your organization in the right direction? How will it support your organization's "green" vision?

2. Flexible platform: Does your action provide a flexible platform? For example, does your green action involve investing in a certain type of technology? If so, be careful not to invest all of your capital in technology that locks you into a particular course of action for the long term as this would limit your flexibility to switch or expand should new and better solutions become available.

3. Return on investment: Does your action provide sufficient return on investment? If your action does not make "business" sense for your organization, it is not a good action; move on to the next idea. (See "Calculating the ROI," page 38.)

Sustainability experts at RBC suggest also using a matrix to prioritize your proposed actions. Each action can be ranked on the specific drivers or value levers you have identified as being important to your organization such as reputation, market opportunity, cost savings, customer satisfaction or particular types of risk. Other criteria include: return on investment, cost to the organization, ease of implementation and level of stakeholder interest.

With your criteria established, you will then create a scale. For every action, you will assign a number to each criterion — be it market opportunity or ease of implementation. Once that is done, total the numbers in the last column as this will give you a sense of the relative importance of each of your actions and help you to prioritize.

In addition to the suggestions above, you and your team may wish to come up with other criteria for setting priorities that ensure alignment with other organizational objectives and core values. If so, those additional criteria should be discussed and agreed upon before the prioritization process begins, to keep everyone looking through the same lens.

Draft and share your plan

With your actions prioritized, you can now draft your strategic plan detailing the action, the individuals, teams or departments that will be responsible for implementing the action, associated tasks and activities, key dates, cost, funding source, and other resource allocations such as departmental time.

Use three different time frames: short-term (less than one year), medium-term (one to three years), and long-term (three to five years).

Don't forget to also indicate how you will measure your progress. What key indicators will you use for each of your actions?

Share a draft of your plan with others for feedback, then refine and share again. Keep fine-tuning until the plan is officially approved and adopted.

Tool

Calculate the return on investment (ROI)

Figuring out the potential return on investment for each proposed sustainability action is a key step in identifying which actions should go into your strategic plan. Planning for sustainability requires a long-term view, says The Natural Step Canada's John Purkis. Whatever your idea, he suggests using the following questions to help analyze the financial implications of each sustainability action before making the commitment:

1) Determine the measurable progress that will be made as a result of the action (specific project, initiative, etc.):

- What is the anticipated progress that will be made toward your vision as a sustainable company as a result of this action? How can this progress be quantified? For example, you may have a zero-waste vision or sustainability objective and measuring the percentage of waste reduction will help to quantify your progress (i.e., "We reduced waste this year by 25%, taking us a quarter of the way to our goal").
- What are the expected qualitative benefits of the action? An example Purkis cites is the City of Halifax, which set out to reduce its cost of procurement. Collaborating with the waste management department, Halifax worked with a local company to create specialized equipment that would enable waste shingles to be used to fill in cracks in city roads, eliminating the need to procure new, raw materials. This action reduced procurement costs and eliminated the tipping fees local roofers and construction companies typically paid to dump waste shingles in Halifax landfills. Diverting waste shingles away from city landfills also had important benefits for the environment.
- What are the anticipated economic spin-offs associated with the action? Does the action help your company leverage the existing infrastructure (operations, resources, etc.) of your business? Does it save resources (employees' time and dollars)?

2) Next, calculate the net cost of the action:

Here, calculate and compare the cost of the action with the total revenues or cost reductions you anticipate generating, if any. Also, it is helpful to break this task down further into the following areas:

Direct costs:

- What is the total capital cost of the action?
- What are the total upfront administrative costs? For example, how much of HR's time is required to draft a new policy? How many hours/days will Marketing need to communicate the message?
- What are the expected total operating expenses? Make sure you capture the costs across the full life cycle of the action; otherwise the number may not be realistic.

Direct savings and revenue:

- How much potential revenue could be generated by the action?
- What are the total capital savings this action could achieve?
- What are the estimated operational savings that could be realized? Again, make sure you take a long-term view to avoid surprises later.

Source: John Purkis, The Natural Step Canada, with adaptation from *Planning for Sustainability: A Starter Guide* (2009) by The Natural Step Canada, www.thenaturalstep.org/canada, 2009.

Case study

Toronto District School Board's *Climate Change Action Plan*

Behind the scenes of the development of a visionary strategic plan for change at one of Canada's largest school boards.

"If climate change is one of the greatest challenges of the 21st Century, what does that mean for us?" This was the question asked by a small planning team at the Toronto District School Board (TDSB) headed by Richard Christie, program coordinator, ecological literacy and sustainable development, school services.

Fundamentally, says Christie, the answer to that question has been a decade-long effort to establish the TDSB as the greenest school board through its leading-edge EcoSchools program, now being adopted by 32 other school board districts across Ontario. A major EcoSchools program goal is to "walk the talk," bringing all parts of the organization onside, so that students, staff, and parents can see that the environmental education being taught in the classroom and on school grounds is also reflected in how schools and the board are centrally operated.

From green roofs to LEED-certified buildings and automated energy management systems for facilities, the TDSB has already reduced its building-related greenhouse gas emissions by 18% since 2000, saving $12 million in energy costs, but that is not all.

Students of all ages at Toronto's Jackman Public School are engaged, for instance, in the collection of temperature data inside and outside of their school to assess the effectiveness of such energy-saving measures as ceiling fans and UV film on the windows.

"At TDSB, kids learn about environmental sustainability concepts within a system that is being greened. So it is not a theoretical exercise," says Christie. "They are actually engaged in the process of change themselves."

In the wake of heightened awareness about such issues as climate change, Christie and his team were under pressure from school board trustees to do more — and faster. In response, his team committed to a strategic plan, which began its life on Christie's back porch during his 2009 summer vacation after consultation with the Facility Services executive officer and a senior manager. Several drafts later, the planning team shared its early work with the TDSB's Environmental Sustainability Steering Committee and also asked one of their most engaged and proactive trustees to comment. Next, they began collaborating with the business services area including the board's chief financial officer as, says Christie, environmental actions needed to meet a high standard of fiscal responsibility too. Finally, the *Go Green: Climate Change Action Plan* was unanimously adopted by the Board of Trustees on February 3, 2010.

Go Green contains three focus areas — mitigation, adaption, and education — and 10 actions. These actions are further divided up into three categories: long-term, "quick-starts" (short-term) and organizational change. Actions include developing a strategic energy plan for building and non-building related GHG emissions, a commitment to trade carbon emission credits, installing solar PV panels, undertaking ambitious large-tree plantings with funds from waste reduction savings and publishing an annual environmental sustainability report.

For school boards just starting out on strategic planning for environmental sustainability, Christie recommends reaching out across departmental and other operational boundaries. "Think more holistically," he says. "The bureaucratic silos need to be broken down."

To read the TDSB's *Go Green: Climate Change Action Plan*, please visit EcoSchools at www.ecoschools.ca. The website offers many tools and resources valuable for any school board, including a paper calculator and teacher resources on ecological literacy.

A green roof (pictured far right) at Jackman Public School keeps the class rooms beneath it cooler, saving energy costs. While not accessible to the public, students can see and learn about the roof's many benefits from an indoor observation deck. Images courtesy of Toronto District School Board.

5. Make it mainstream

Hard-wire “green” into all facets of your organization and celebrate successes

Once you have begun to implement your strategic plan for going green, it is time to make environmental sustainability mainstream in your organization.

This is the final section — but one that could be started at any time. In fact, the earlier you integrate environmental sustainability into every facet of your organization, the sooner you will reap the many rewards of going green. However, every organization's culture is unique and this should be taken into account when developing internal communication and employee engagement plans.

To be truly transformational, expert Bob Doppelt, author of *Leading Change Toward Sustainability*, suggests that new forms of governance may be required; organizations need to reshape the way information is gathered and shared, the way decisions are made and enforced, and how their resources are distributed in order to successfully attain their sustainability goals.

Communicate consistently

Consistent and frequent communication will help to engage employees in your organization's journey to green while reinforcing its commitment to change.

"Effective communication engages people at an emotional level," says Doppelt in *The Systems Thinker*. "Sustainability strategies become internalized as people ponder what these changes will mean to them personally. Transparent communication opens the door to honest understanding and sharing" — and "sharing" is key: information should flow in multiple directions. Asking, as well as listening, can yield important insights that could lead to breakthrough innovations.

A successful green strategy, therefore, depends upon a consistent exchange of information about the purpose, strategies, benefits and overall importance of becoming a more environmentally sustainable organization.

Develop a training program

Establish a training program to help your employees better understand environmental risks and opportunities, putting them in a better place to create more innovative solutions and, ultimately, accelerate progress. "Training staff, especially those who are just coming into the organization, and eventually stakeholders, can expedite success," says The Natural Step Canada's John Purkis.

Leave "going green" in the hands of one or two individuals, no matter how dedicated, and you risk losing momentum. The University of Waterloo's Dr. Feltmate says he has recently seen several organizations, known to be sustainability leaders, falter. "One or two key individuals were driving the programs, yet they did not fully understand their key job, which was to bring management and the Board of Directors on board to understand the business case for sustainable development. So when those individuals walk out the door, the organization's commitment to sustainable development begins to decline shortly thereafter," he says. "If management gets the business case for sustainable development, it will have longevity, and if they do not, it will almost always die — it's just a matter of whether the death is fast or slow."

However, making the case for continued investment in environmental education programs aimed at employees can be a challenge. "Companies often find it difficult to turn qualitative, anecdotal data into quantitative measures that help to bolster the business case," notes the U.S. National Environmental Education Foundation (NEEF) in *The Business Case for Environmental Sustainability and Employee Education*. More baseline surveys and measurement tools that assess the business value and impact of employee engagement are required, adds NEEF.

Nonetheless, learning opportunities need not be cost-prohibitive. For example, you might invite a speaker from local environmental non-governmental organizations to come in and speak to employees over lunch about green issues that are relevant to your organization.

Also, encourage grassroots initiatives. Seek out and support those in your organization who might want to work on pieces of the environmental sustainability plan that are most meaningful to them, either personally or at work.

Encourage and reward action

If you want to accelerate the transformation of your organization, look no further than your employees. Encourage and reward learning through recognition of progress made toward reaching your goal, says Doppelt.

Ideally, such rewards would be included in employee compensation structures. While this is rare, there are signs from the corporate world that this approach is already happening. For example, "Danone has an incentive system for senior managers that integrates environmental and social criteria — including water objectives — into compensation," notes Mindy Lubber in a report by Ceres entitled *Murky Waters: Corporate Reporting on Water Risk*.

Reporting on employees' progress is also important, says Purkis, to provide constructive feedback loops and mechanisms for learning that will help shift your organization away from the status quo. "Change is an

iterative process that involves constant review," he explains. "Reporting on progress can help deepen employees' knowledge and understanding of sustainability and provides an opportunity to transparently celebrate successes and communicate the invaluable lessons learned in failures."

Update your policies, processes and procedures

Review your policies, processes and procedures to integrate environmental sustainability into your day-to-day operations. This can also help pinpoint remaining organizational barriers that could be blocking implementation of your strategic plan for greening your business.

In announcing its *2009 Community and Business Sustainability Report*, retailer Canadian Tire Corporation says it will be among the first Canadian companies to include their sustainability metrics in its quarterly and year-end financial reporting starting in 2010.

When sustainability is deeply embedded into every part of your organization, there is no going back.

Report your progress

Telling others about your sustainability vision, goals and advancement toward those objectives can positively contribute to your organization's reputation and a strong brand — no matter what type or size of organization. This also has other benefits, including a greater ability to attract and retain employees, customers, suppliers and possibly even funding and capital.

Reporting to your employees on progress made, as well as your Board of Directors, if you have one, is also important.

For smaller organizations, getting your message out need not be complicated, or expensive. Communication can range from regular updates on your sustainability initiatives on an Internet blog, to half-page case studies in the employee or company newsletter, to a simple four-to- eight-page document outlining what your company is doing.

Walking the talk

Partners wanted

In January 2010, **Nike** joined nine other organizations — including **Best Buy**, **Yahoo!** and **Mountain Equipment Co-op** — in launching the GreenXchange (GX). GX is envisioned as a web-based marketplace where companies can collaborate and share intellectual property (IP), with the goal of leading to new sustainable business models and innovation. In its media announcement, Nike says it committed to putting more than 400 of its patents on GX for research, demonstrating its belief "that the best way to stimulate sustainable innovation is through open innovation." Needless to say, open innovation could also lead to a bigger bottom line, as participants collaborate and connect with new markets.

One example of the potential benefits of IP pollination across sectors is Nike's Environmentally Preferred Rubber patent on a rubber formula for Nike footwear that contains 96% fewer toxins than the original formulation. "By licensing the technology on GX it could be used in other companies footwear or hypothetically it could be used by Mountain Equipment Co-op for bicycle inner tubes. In this way, Mountain Equipment Co-op could bring a greener product to market more quickly and cheaply than it could on its own," says Mark Parker, Nike's president and CEO.

Source: www.nikebiz.com/responsibility.

Include your goals and progress made toward them from your baseline. If there are certain areas where you could be doing better, share your plan for how you intend to improve.

For those new to sustainability reporting, the Global Reporting Initiative (GRI) website at www.globalreporting.org is a good place to start. GRI is a network-based organization that has pioneered the development of a standardized sustainability reporting framework based on its Sustainability Reporting Guidelines, which are free to download. GRI's website also includes information on reporting for a variety of organizations including small-to-medium enterprises and sector supplements.

Self-assess and course-correct

As with any strategic plan, it is important to build in regular points of review when you will measure your progress against your objectives.

Checking in with your teams will help you to assess how well they are meeting the objectives outlined in your strategic plan. It will help you more accurately assess where the organization is as a whole and course-correct, when necessary.

The sustainability challenge is just that — a challenge — and you and your team will inevitably take a few wrong turns. Plus, as we all know, no single plan is perfect — things can change quite rapidly so you need to retain enough flexibility to effectively respond and adapt. It is also worth noting that the ability to be flexible and adapt is becoming a core competency in any sector whose business model is currently being challenged, and though your organization may not be facing that kind of threat at the moment, you never know what the future may hold.

Reach out and collaborate

Finally, deepen your relationships with external stakeholders. Many organizations are finding unique and exciting opportunities through collaboration with others, including suppliers, government, NGOs and business.

Solving sustainability challenges requires deep collaboration: inside and across departments, functions and managerial levels; and externally, up and down the supply chain, with both community and government, within industries and even crosswise with other sectors.

Under pressure from consumers, employees, governments, investors, suppliers and non-government organizations, large organizations are becoming increasingly open in communicating information about their operations and, in the process, discovering important lessons: transparency is more of an asset than a risk. The more open and transparent an organization is, the more easily outsiders can assess whether or not they are at risk — a concept Michael Hopkins, editor-in-chief of the *MIT Sloan Management Review*, calls "radical transparency." Organizations that are really good at being transparent, therefore, are more likely to attract partners — and with the complex and interconnected nature of sustainability, partners matter more than ever.

"The organizations leading the way toward sustainability tend to view all of the people that are affected by their operations — internal members as well as external stakeholders — as important parts of an interdependent system," notes Doppelt in *The Systems Thinker*. "Their leaders understand that every component of the system must be fully engaged and must function effectively for the whole to succeed."

Taking the next step

RBC welcomes the opportunity to be your banking partner as you lead your organization down the path toward environmental sustainability.

Whether you're retrofitting a building, purchasing a brownfield or looking to capture new market opportunities, RBC would like to be your lender of choice.

We wish you every success in this exciting endeavour. Our industry specialized account managers are available to offer you the advice and tools you need on this journey.

To start a conversation today:

› Call 1-800 ROYAL® 2-0

› Visit us online at: www.rbc.com/business-advice

Notes

For more information and advice on greening your business:

- Contact an RBC Royal Bank® account manager at 1-800 ROYAL® 2-0
- Visit us online at www.rbc.com/business-advice
- To learn more about what RBC is doing to green its own business, please visit www.rbc.com/environment

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