Defining Corporate Sustainability
A GACSO & IEMA white paper

1 Why a white paper?
Leading sustainability professionals have identified the need for a ‘lexicon’ to support and build shared understanding between professionals and also with wider stakeholders interested in the challenge of corporate sustainability. This white paper is setting out and consulting on our proposed ‘directions’ for defining corporate sustainability and related under-pinning terms. We are seeking feedback on our proposals, engaging widely with our members and with all interested parties. This paper is an early building block – we welcome your contribution and response.

IEMA and GACSO have come together to build a community of leading sustainability professionals. We approach this ambition, at least initially, from a perspective of GACSO and IEMA members active in corporate sustainability roles. We are however keen to engage all of our members and wider partners and stakeholders as we work to build a shared understanding of critical sustainability challenges.

Although definitions will vary with context, the process of developing a baseline lexicon is important to help underpin and build shared understanding. Our purpose is not to ‘straight jacket’ thinking and a diversity of views will be embraced. The process itself and also the outcomes will help us all to communicate from a common IEMA-GACSO reference, enabling and informing important engagement work as we build activity for our joint members and as we seek to work with wider stakeholders.

2 Our developing process and invitation
Our process started in June with a London event where twenty four leading sustainability professionals met to workshop key terms and principles. This process will now continue with four workshop sessions and also with wider consultation on developing drafts. This initial white paper (version 1) captures the key discussions and outcomes from our first IEMA-GACSO practitioner workshop (full outcomes from this session are in Annex 1 and 2). It does not propose any specific definitions but instead outlines emerging directions for the IEMA – GACSO sustainability lexicon. Its purpose is to stimulate debate.

We are keen to consult widely as we build our understanding and welcome the opportunity to engage with interested parties from practitioners and universities through to NGOs and other professional bodies and also internationally. We will work on and refine our lexicon paper and return with an ‘outcomes event’ in London later in 2014. We hope to catalyse discussion and thinking in particular around the landscape of corporate sustainability and also wider underpinning terms and sustainability concepts.

3 Some overarching concepts – Proposed directions for our lexicon
Four key concepts (sustainability terms) were reviewed at the London workshop with a number of definitions offered and discussed. Facilitated discussion built a level of agreement and shared understanding around the differences between each and also around alternative definitions. The key directions that emerged are outlined below with full lists of points raised at Annex 1.

What does ‘Corporate Sustainability’ actually mean?

www.gacso.org  www.iema.net
SUSTAINABLE DEVELOPMENT (SD)

Strong support exists amongst IEMA and GACSO members for the Brundtland definition of SD in the 1987 report of the World Commission on Environment and Development. … development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Some concerns were recognised on its challenges in relation to immediate relevance and communication and some simplifications tabled such as ‘Enough, For All, Forever’ (Newcastle University). However as an over-arching definition Brundtland was seen as durable and critically relevant and also a definition that embraces and leads through to important related sustainability pressures and concepts including:

- environmental limits in meeting current and future ‘needs’
- the resilience of our society and economy
- the need for new economic and business models
- the rights of future generations
- rights of current generations (e.g. for development and wellbeing) especially international
- human values, ethics and equality, quality of life
- dependencies and mega-trends: such as climate change, population growth and inequality.

These pressures and concepts are generally seen as integral to the concept of ‘one-planet’ sustainability, supported by most participants as a valuable conceptual approach that highlights our unsustainable society – i.e. if everyone in the world consumed as many natural resources as the average person in the UK we’d need three planets to support us. If we all lived the average American lifestyle, we’d need five planets to support us – (Reference here to wider work by Bio-Regional and WWF).

The three pillar conceptual approach to SD was recognised as ‘useful to understanding’. However the concept of development that balances the so called 3 pillars (economic, social, environment) was not regarded as sufficient or strong enough in its emphasis. Addressing one planet sustainability and resolving rather than balancing the three pillars are generally seen as more appropriate directions for IEMA-GACSO lexicon. The concept of Natural Capital and ‘living off nature’s interest’ was also mentioned as an approach supporting this direction.

SUMMARY - We propose that the IEMA-GACSO definition of Sustainable Development (SD) will use Brundtland as a basis. We will draw on ‘one planet’ thinking and on related and supporting concepts that help resolve rather than balance the so called ‘3 pillars’. We approach SD from the environment (e.g. reference to limits) but our lexicon and explanations will not be limited and will for example encompass the above (listed) SD pressures and concepts’

SUSTAINABLE BUSINESS (SB)

A range of descriptions were offered around sustainable business (see Annex 1 for full list).

- “Sustainable business describes an organisation whose operations seek to support sustainable development by delivering long-term social and economic value within environmental limits”.
- Such organisations are ‘going concerns’ (profitable/solvent) and work consciously and continuously to minimise environmental impact and maximise social benefit. They seek to move their business towards a circular economy model. Their products and services contribute to a flourishing society.
- A sustainable business is resilient to / better equipped to deal with mega-trends. It is able to undertake transformational change to resolve key risks and dependencies that threaten it longer term. It prevails and is not just guided by short term decisions

- It embeds social improvement and positive environment impact (as well as commercial gain) exceeding legal requirements.
- A sustainable business may have embedded sustainable development in its governance, processes and decision-making. It is likely to explicitly state an understanding of undertaking a constant journey rather than arrival at a steady state.

The above are recognised as mainly aspirational descriptions and definitions that do not yet reflect the majority of mainstream companies but are starting to gain traction (for example with some organisations now pursuing innovative approaches such as ‘net positive’ or towards business models in line with the circular economy). Some use the SB term as a process description of transitioning the organisation towards a position of sustainability (in effect an ongoing process and response in order to achieve sustainability). This process description has cross over with ‘Corporate Sustainability’.

SUMMARY - Our intention is that the IEMA-GACSO lexicon will explain and define ‘sustainable business’ primarily as an aspirational status description for organisations to achieve in the future (i.e. on a worthwhile journey rather than attained). It will encompass the key points outlined above.

CORPORATE RESPONSIBILITY (CR)

Corporate responsibility was for many seen as addressing the organisation’s responsibilities or duties mainly, but not always, to its present day social, environmental and economic stakeholders (and with the balance of focus on social and environmental). This means:
- being fully compliant with statutory and regulatory requirements
- owning, or at least addressing its wider impacts on society and the environment
- seeking to reduce harm and increase positive value, and
- improve its stakeholder relationships

To be a responsible citizen an organisation must focus on its engagement with stakeholders for which good corporate communication is essential. A natural part of corporate responsibility is to communicate the organisation’s ‘responsible approach’ and success. Often this will extend into taking pride in leading or being involved in beneficial social and environmental activity.

Some view Corporate Responsibility as a cross disciplinary values-based approach that embraces concepts such as stewardship and ongoing improvement. Others view it as a more limited reporting and communication based approach. A list of responses generated in the workshop is at Annex 1.

CORPORATE SUSTAINABILITY (CS)

Corporate sustainability generated a range of responses outlined in full in Annex 1. It is largely seen as a process or approach rather than as a status. Implicit is the ability to see and address the bigger picture at a time of increasing specialisation and concentration. This is well captured in a definition used by GACSO in earlier work: Corporate Sustainability is the discipline by which companies align decision-making about the allocation of capital, product development, brand and sourcing with the principles of sustainable development in a resource-constrained world.

In group discussion agreement started to emerge around its core elements and also some differences to Corporate Responsibility. CS is seen as a cross-disciplinary process for understanding organisations and helping them to adapt, transform and survive. It is about helping them to respond to competitive pressures, mega-trends and dependencies in order to deliver current and longer-term economic, social and environmental value. In this regard CS is deemed to require a stronger focus on the longer-term context for both the business and for its stakeholders.

INCLUSIVITY

Inclusivity is a clearly expressed intention or policy of including key stakeholders in the development of organizational strategy, corporate planning and direction. In particular, that should mean engagement with people who might otherwise be excluded or marginalized.

INTEGRITY

Integrity is the adherence to a set of commonly held ethical norms and law abiding behaviour. These values should underlie everything that an organisation does. Values should therefore be disclosed so that there is no doubt about what underpins present and future actions of the organisation and what effect these might have on its society, economy and environment.

STEWARDSHIP

Stewardship is a position of accountability that might be shared or wholly owned by an individual, community or organisation. The organisation is responsible for the management of all facets of its activities throughout all the stages of its life span, from inception through to fulfilment and final disposal. These facets could include components, packaging, marketing documentation, etc., and should take into account issues related to society, the economy and the environment.

Fourth page of supporting text:

A number of key sustainability principles – bases for decision-making and behaviour – were identified as being important and underpinning a professional approach to sustainability. These include principles of inclusivity, integrity, stewardship and transparency. These four principles have been described by BSI in a recent revision to guidance on ‘Managing sustainable development of organisations’ as follows:

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Footnote:
2 Defining and developing the corporate sustainability professional. GACSO - May 2011
TRANSPARENCY

Transparency is an openness about decisions and activities that affect society, the economy and the environment, and a willingness to communicate these in a clear, accurate, timely, honest and complete manner. In general, a presumption should be made in favour of transparency, so that information is accessible on request unless there are reasons to withhold it.

SUMMARY - We propose that the IEMA-GACSO lexicon will include the above 4 principles as defined within BS 8900 (Inclusivity, Integrity, Stewardship, and Transparency). Other principles will also be included and in particular it is proposed that the lexicon will address Accountability and Ethical Behaviour (drawing from ISO 26000).

5 Other important terms and concepts for IEMA-GACSO sustainability lexicon

The final exercise undertaken was to identify ‘long lists’ of further terms for either defining in our sustainability lexicon or for using within a supporting narrative. These are outlined in Annex 2.

Within this exercise IEMA and GACSO members considered a range of sustainability issues and topics that would be recognised at the Board level (for example as material to the business). This list underscores the wide topic and issue coverage of corporate sustainability, extending beyond what many will view as traditional areas of ‘environmental sustainability’:

• Security of supply – climate impacts, materials, disruption, social unrest etc
• Characteristics of supply – sustainable sourcing, carbon, waste, chemicals, ethical issues etc
• Assets – new build/performance specifications – safety, sustainability, resilience
• Market share/differentiation – e.g. developing a net positive business
• Adding value / winning new business/developing new business streams – exceeding client needs on sustainability
• Meeting contractual requirements to minimise potential penalties and ensure repeat business
• Innovation – e.g. circular economy and business transformation (new models)
• Share price – Investor requirements and concerns
• Public reporting – CDP and integrated reporting moving forward
• Corporate reputation – with investors (e.g. leading edge) and communities of interest such as customers (e.g. false marketing claims, etc)
• Finances – Costs, ROI, OPEX, value engineering - cost of energy and commodities
• Bonuses for directors – Performance related pay on sustainability outcomes
• Labour – skills and competencies (into supply chain /sub-contractors) – employability, youth

SUMMARY - We propose that the concepts and topics listed above will be used within the IEMA-GACSO developing lexicon and narrative. The wider full range or terms listed at Annex 2 will also be worked through with many either defined in our sustainability lexicon or used within our supporting explanatory narrative.

ISO 26000* guidance standard for social responsibility, outlines seven key principles including Accountability, Transparency, Ethical behaviour, Respect for stakeholder interests (individuals or groups who are affected by, or have the ability to impact, the organization’s actions), Respect for the rule of law, Respect for international norms of behaviour, and Respect for human rights.

CONTACT US
We are seeking feedback on our proposals -- from specific comments on this white paper right through to expressions of interest in joint activities to build understanding around corporate sustainability – Contact us at gacso@iema.net

* ISO 26000 - Social Responsibility
Task 1: Workshop exercise – Four key concepts
Participants were asked to summarise and post their understanding of 4 terms: sustainable development, sustainable business, corporate sustainability and corporate responsibility. This note records all participants’ posted contributions.

1 SUSTAINABLE DEVELOPMENT

Responses are listed below and fall (very roughly) into 4 sub groups:

1a Brundtland related
- Brundtland definition. Development on a global scale that takes into account mega-trends: climate change, resource scarcity, population growth, inequality, human ecological footprint, new economic models of wealth.
- Brundtland definition. Values-based approach – process by which we move towards sustainability aligned to Brundtland.
- Business development {growth and future planning) that enables the business and other businesses to continue to operate now and in the future. ‘Brundtland was right’.

1b 3 pillars
- Setting out the strategy for addressing the environmental, social and economic aspects
- Development that balances the 3 pillars of sustainability in its planning, design, set-up, execution and performance
- Human development (physical and economic) social and environmental benefits (more than one organisation contributes to this)

1c Working within environmental limits
- Living within our means/resources without causing detriment to the world we live in and without compromising the future
- Meeting current and future needs within environmental limits
- Equality of life within our means (now and in the future)
- A discrete or longer-term activity that: i) minimises environmental impact and resource use; ii) maximises environmental and social benefit

1d Other
- Ensuring that we have the reserves and business model to give and sustain a good quality of life for everyone on the planet
- Building a resilient society in an increasingly uncertain and resource-constrained world
- Low carbon development
- Contradiction in terms OR Development that only functions off nature’s interests
- Global context – relates to international development, bringing a global population into the developed world without depleting earth’s resources. Construction context – growth and housing agenda developments that are environmentally sustainable

2 SUSTAINABLE BUSINESS

Falls broadly into points around a) society; b) resources; c) organisation descriptor; d) resilience; e) contribution to sustainable development

2a Contribution to society
- Organisations that contribute to a resilient flourishing society through their products and services

2b Resources
- Having a circular business model (circular economy)
- Closed loop farming

2c Organisation descriptor
- Business that operates internally and externally in a way that provides economic social and environmental benefits now and in the future (external descriptor)
- Delivers long-term social and economic value within environmental limits
- A business that is a ‘going concern’ and operates in a way to minimise long-term environmental impact and maximise social benefit

2d Resilience
- Long-term successful business operating at low carbon
- One that is future-proofed against all mega-trends
- A business model that is sustainable over a defined timeframe
- Resilient. Enduring
- Enduring satisfaction of a need

2e Contribution to sustainable development
- Business response to sustainable development in order to achieve corporate sustainability
- Economic context – a model that will sustain the business into the future (may not include social/environmental). Environment context – business that operates within the principles of environmental sustainability eg resource use, energy...
- Way of operating commercially that supports sustainable development
- Business where sustainability is embedded in governance, process and decision-making
- Business that advances sustainable development
- Managing business in a way that will satisfy the requirements of sustainable development
3 CORPORATE SUSTAINABILITY

Summary: a) pillar thinking; b) requirements of sustainable development; c) survival; d) megatrends

Facilitator Comment: CS is more about business itself and prospects (as well as including CR?)

3a Three pillars related
- An internal look at the performance of the business against the 3 pillars of sustainability – same as corporate responsibility
- Delivering long-term success and positive economic social and environmental value
- How a company behaves usually socially and environmentally (describes and approach) (not to be confused with ‘green wash’)
- The value of delivering sustainable approaches (minimal environmental harm, maximum socio-economic benefit) through business
- Way of operating commercially that supports sustainable development
- Interchangeable with 2 (Sustainable business) but greater environmental focus

3b Requirements of sustainable development
- Business operating in a way that will satisfy the requirements for sustainable development
- Business strategies and activities that integrate principles of sustainable development
- The value of delivering sustainable approaches (minimal environmental harm, maximum socio-economic benefit) through business
- Way of operating commercially that supports sustainable development
- Interchangeable with 2 (Sustainable business) but greater environmental focus

4 CORPORATE RESPONSIBILITY

Summary: a) duties of corporations; b) owning impacts; c) compliance and marketing based; d) unconvinced; e) pillar thinking

4a Duties
- Business strategies and activities that encompass sustainable development and duties to employees, communities - broader than 3 (Corporate Sustainability)
- The duties of an organisation towards its stakeholders in their broadest sense (economic, environmental, social)
- Represented by values and actions showing respect for society, environment, stakeholder engagement and transparent reporting
- Knowing and delivering to stakeholders’ expectations on your business and products
- Acknowledgement within a commercial organisation of impact on social, economic and environment more widely

4b Owning impacts
- Ownership of impacts
- Wider ownership
- Conscious business is responsible sustainability

4c Compliance based
- Compliance-led, communications and PR focused responsible business

4d Unconvinced

4e Pillar thinking
- What the business is doing in improving its social, environmental, and economic aspects
- An internal look at the business’s own performance against the three pillars of sustainability.
- Needn’t include environmental component – should include (reference to??) environmental, social, economic and influence behaviour

• Higher level corporate responsibility goal that aligned with sustainable development values/principles
• High level strategy in defining the social economic and environmental impacts which a business would monitor/address
• Conducting your business responsibly and transparently while minimising your negative impact on the environment and maximising your positive impact.
• Embedding commercial gain, social improvement and positive environmental impact

3c Survival
- Survival
- Negative sense - self-preservation.
- Positive sense – transformational business model development
- Strategic approach to embedding ways of dealing with an organisations unsustainabilitys
- Enduring satisfaction of a need - same as 2 (sustainable business)
- Organisation that acknowledges that something needs to be done

3d Megatrends
- Knowing and understanding how global (and local) megatrends create risks and opportunities for the business model and product offer
- Longer term response of the business to be sustainable’ as well as responsible in a changing world

• Responsible approach to doing business – largely compliance and philanthropic – but not necessarily aligned to sustainable development values/principles
• Organisation that typically publicises what it is doing but rarely what it is not doing
• Being good citizens and demonstrating same (often marketing focused)
• Doing business in an open and transparent way within the law
• Business operating in a responsible way – respecting the rights of all both now and in the future
The participants worked in three discussion groups to identify the potential ‘ingredients’ or content categories of a sustainability lexicon or sustainability narrative. A specific request was for advice on diagrams or models that show best how sustainability works in business.

Participants were asked to keep in mind what will work in normal business situations, in a main board paper or with regard to an internally effective corporate narrative (group indicated that communication between sustainability professionals is primary driver at this stage).

A range of existing material was supplied as stimulus and background information including extracts from relevant standards and wider IEMA-GACSO information.

### Sustainability Lexicon – Workshop Outcomes

**TABLE 1**

Focus on two distinct components: 1. A corporate narrative suitable for the boardroom that relates to the corporate strategy of members' organisations or clients, and 2. A comprehensive set of concepts for use within the community of sustainability professionals. These partially overlap, but have different framings (resource scarcity, innovation and strategy for the corporate lexicon; how the lexicon is not a fixed entity but needs to reflect the journey for the profession. Consider the idea about creating a flourishing society rather than a sustainable one.

The Opportunities Pyramid courtesy of Gareth’s blog, www.terrainfirma.co.uk
TABLE 2
Focus on use of familiar guiding principles rather than redefining terms and reinventing the wheel. We should be clear about the purpose of the lexicon being to communicate the profession’s understanding of the key terms not as a manifesto. The timeframe should be medium/long-term but it should also be kept under review. Reflect acceptance that all organisations are different; lexicon should show scope of our expertise not rigid ‘text book’ boundaries (compare other professions eg medicine).
Group preferred a variant on concentric circle model.

TERMS FOR DEFINITION – DON’T REINVENT THE WHEEL
- Sustainability
- Profitability
- Return on investment (ROI)
- New markets
- Equity – intra/inter
- SDGs / MDGs (Sustainable Development Goals / Millennium Development Goals)
- Triple bottom line
- Triple context
- Corporate responsibility
- Materiality
- Living within limits
- Resources constraint
- Sustainability economic development
- Carbon management
- Ecosystem resources and services
- Planetary boundaries
- Mitigation / adaptation
- Corporate sustainability
- Sustainable business
- Socially responsible investment
- Supply chain management
- Value chain management
- Community engagement
- Stakeholders
- Sustainability risk
- Systems thinking
- Externals
- Direct impacts / indirect impacts
- Human rights
- Green growth
- Net positive
- Carbon neutral
- Resilience
- Environmental mitigation and compensation
- Offsetting biodiversity and carbon

TABLE 3
Focus should be on distinguishing the 2 core ideas: corporate sustainability and corporate responsibility. We need to define what we mean by corporate with reference to profit/non-profit/public/private. Timeframe should have important place. The emphasis of corporate sustainability is the future; corporate responsibility is more about now

FURTHER LIST OF TERMS WHICH WILL HELP WITH DEFINITIONS AND UNDERSTANDING OF CS AND CR
- On-going success
- Enduring
- Resilience
- Transparency
- Life cycle and whole life costing
- Human rights
- Supply chain
- Risk management
- Stakeholders (extended)
- Adaptation
- Optimise (not compromise)
- Innovation
- Materiality
- Ethics
- Equity
- Diversity
- Social / society
- Environmental / environment
- Impact – positive and negative
- Net positive
- Future proof
- Social value
- Total contribution
- Value chain
- Business strategy
- Business benefit
- Conscience
- Reputation
- Economic value

1 Corporate sustainability – what are we going to have to do (future)
2 Corporate Responsibility – how are we going to do it (now)
3 What do we mean by “corporate” – Broad view proposed - not just ‘corporates’