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United Nations Global Compact

A New Era of Sustainability

UN Global Compact-Accenture CEO Study 2010

US Environmental Protection Agency – Product to Service Transition

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The UN Global Compact-Accenture CEO Study 2010 encompasses one-to-one interviews with 50 CEOs, and a survey of a further 766, to give an authentic view of leading CEOs on sustainability worldwide

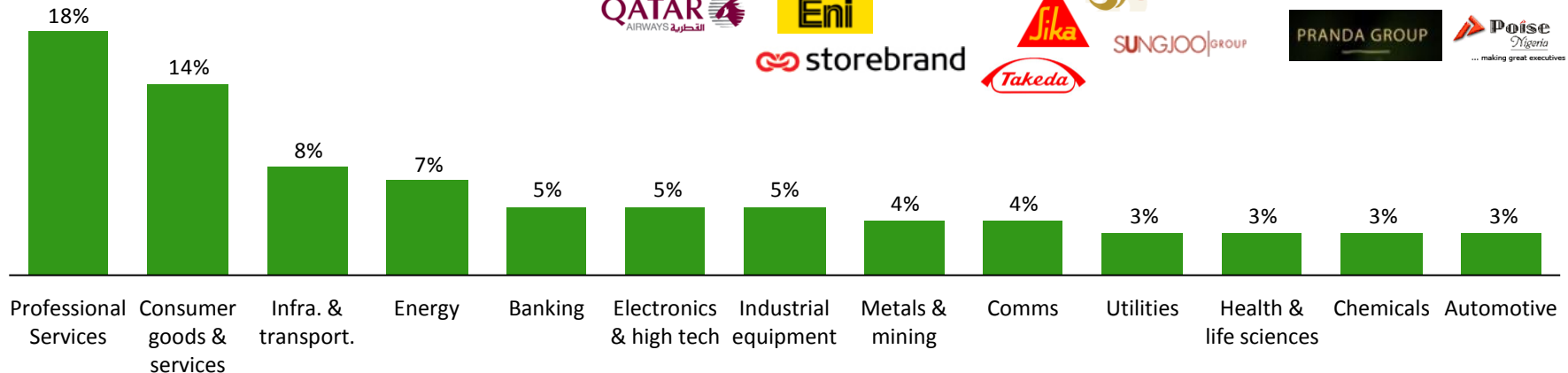
UN Global Compact-Accenture CEO Study 2010

CEO interviews

Study participants

100 in-depth interviews
including
50 CEOs, Chairs & Presidents

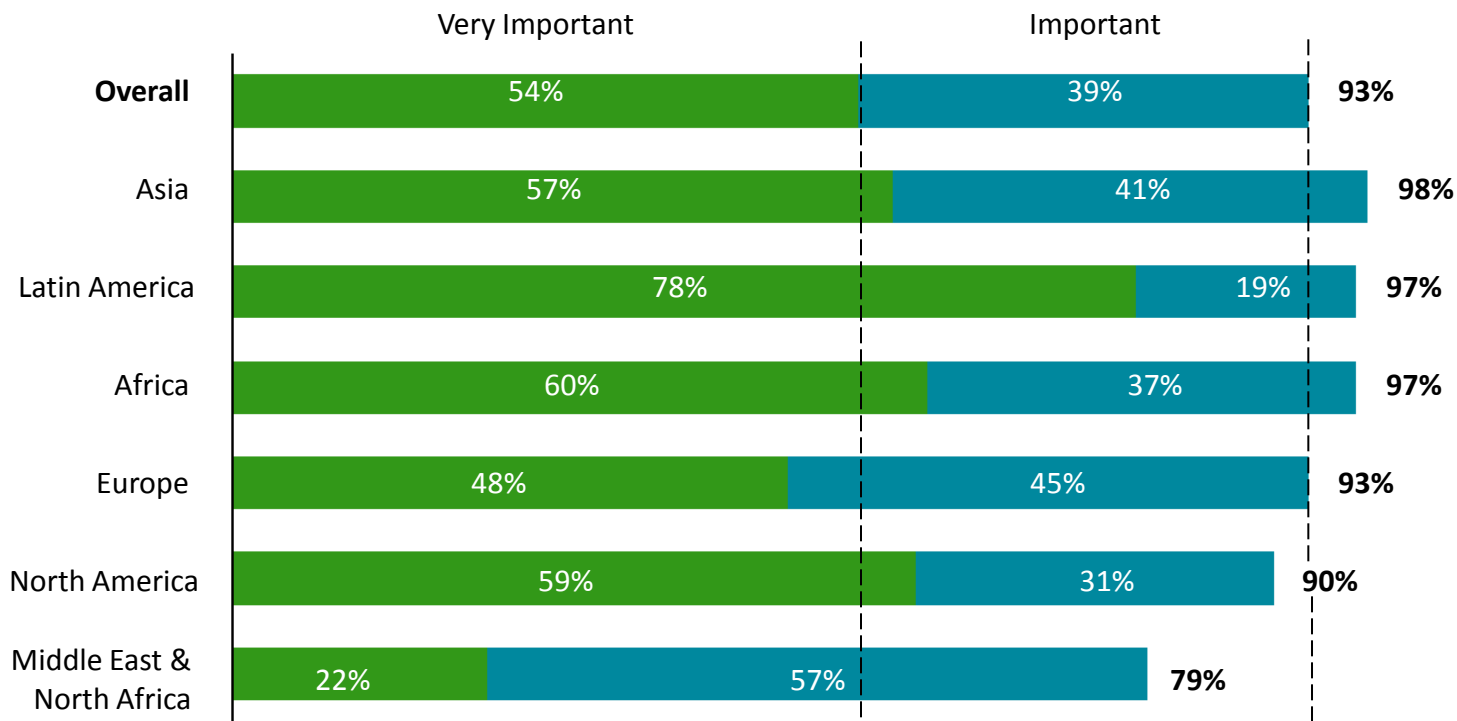
766 CEO survey respondents



93% of CEOs believe that sustainability issues will be critical to the future success of their business – but this varies by region...

How important are sustainability issues to the future success of your business?

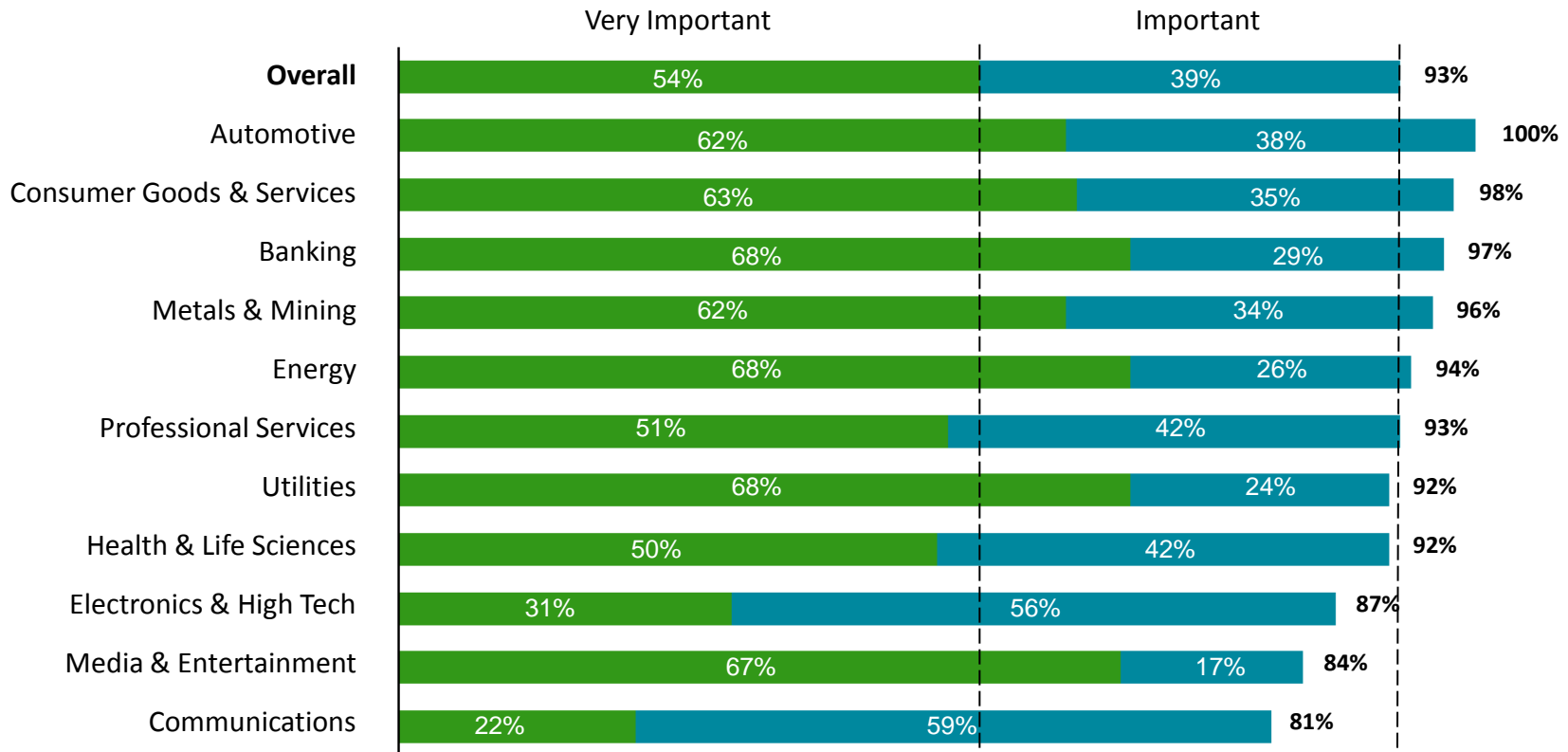
Respondents answering 'Important' or 'Very important'
%



...and varies significantly by industry, with Automotive, Consumer Goods and Banking at the top, and Communications at the bottom

How important are sustainability issues to the future success of your business?

Respondents answering 'Important' or 'Very important'
%

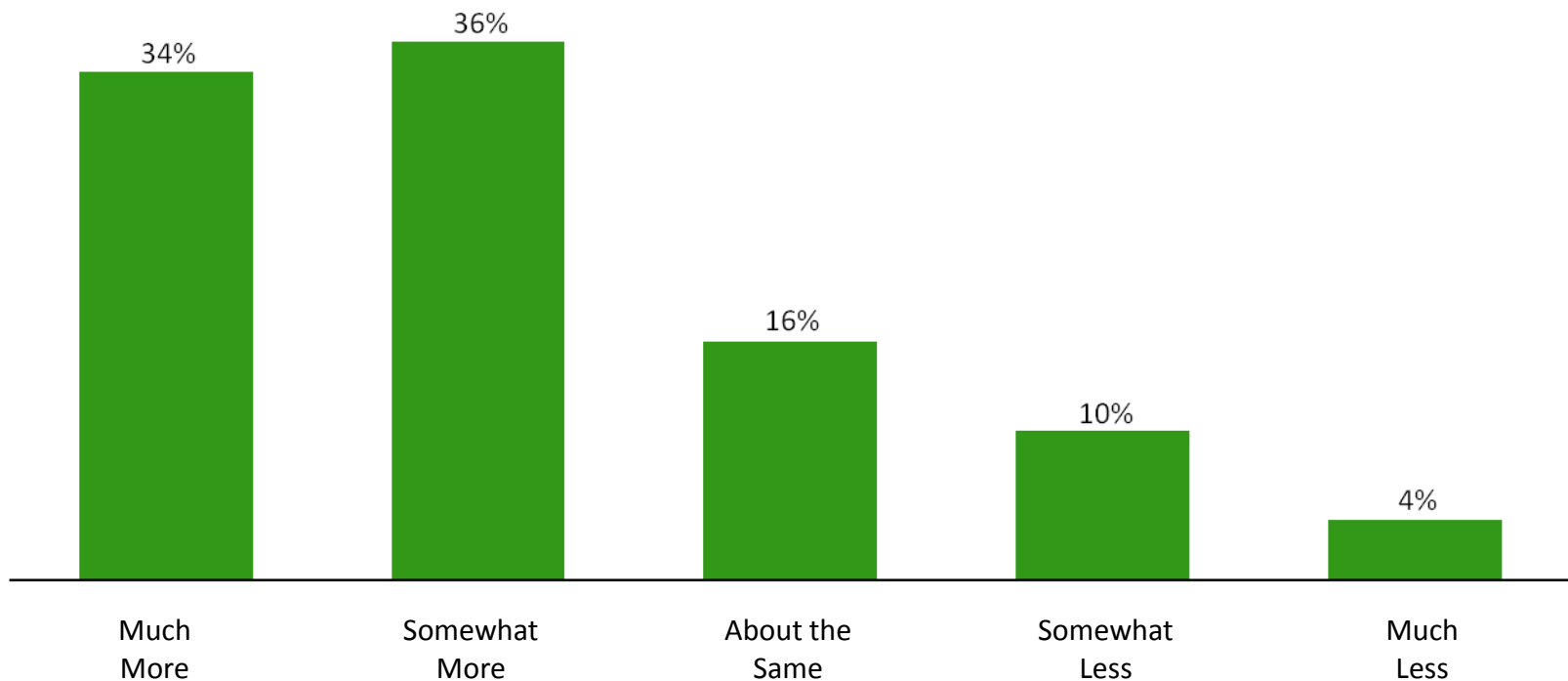


Source: United Nations Global Compact-Accenture CEO Study 2010 (based on 766 completed responses)

70% of CEOs reported that they are integrating ESG issues into their core business strategy 'more' or 'much more' than five years ago

Are you incorporating environmental, social and corporate governance issues into your company's core strategy less or more than five years ago?

Overall
%

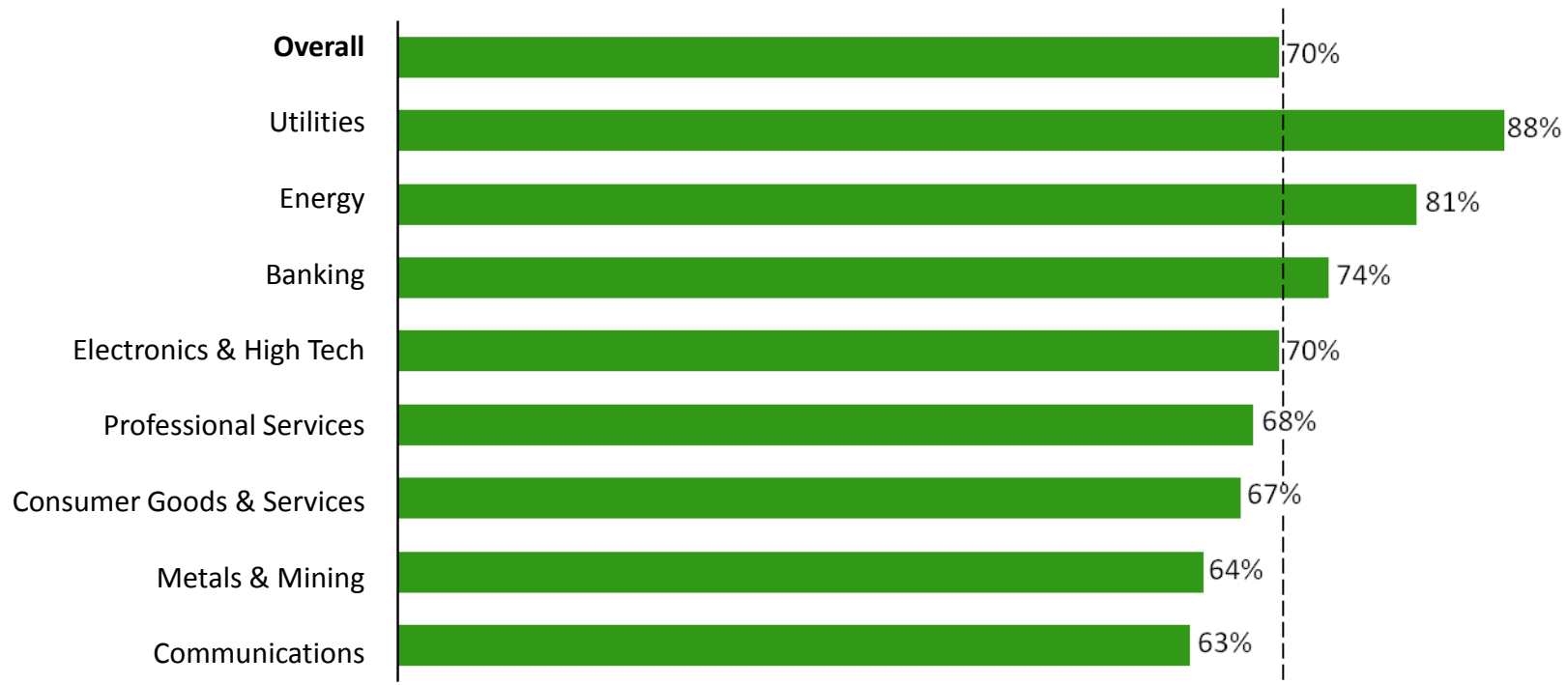


Source: United Nations Global Compact-Accenture CEO Study 2010 (based on 766 completed responses)

Utilities, Energy and Banking in particular show a sharp increase in activity, while Metals & Mining and Communications trail the pack

Are you incorporating environmental, social and corporate governance issues into your company's core strategy less or more than five years ago?

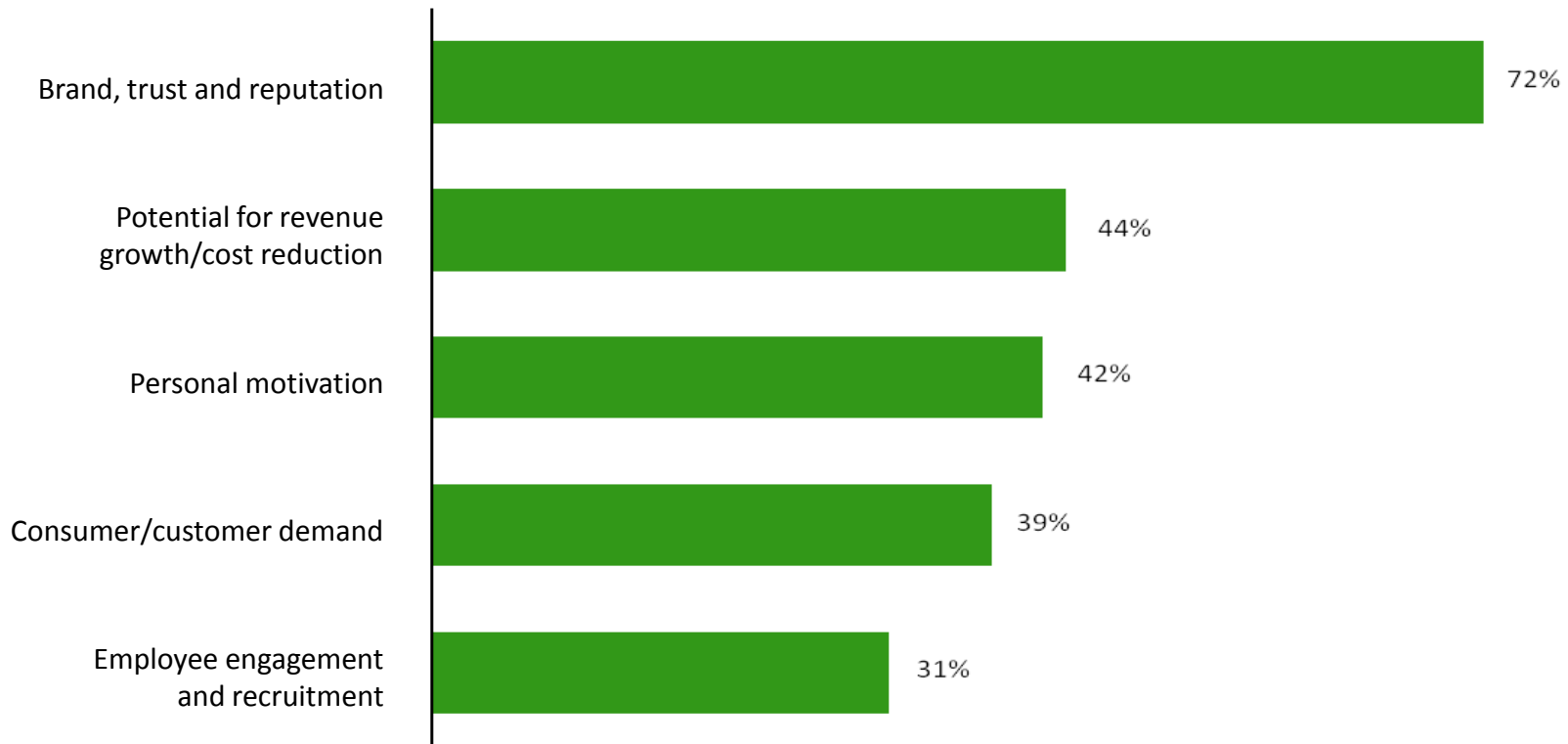
Respondents answering 'Much more' or 'Somewhat more'
%



CEOs believe re-establishing trust is the immediate motivating factor, and the battle for trust is an increasingly mainstream business concern

72% of CEOs identify brand, trust and reputation as a critical factor driving them to take action on sustainability issues

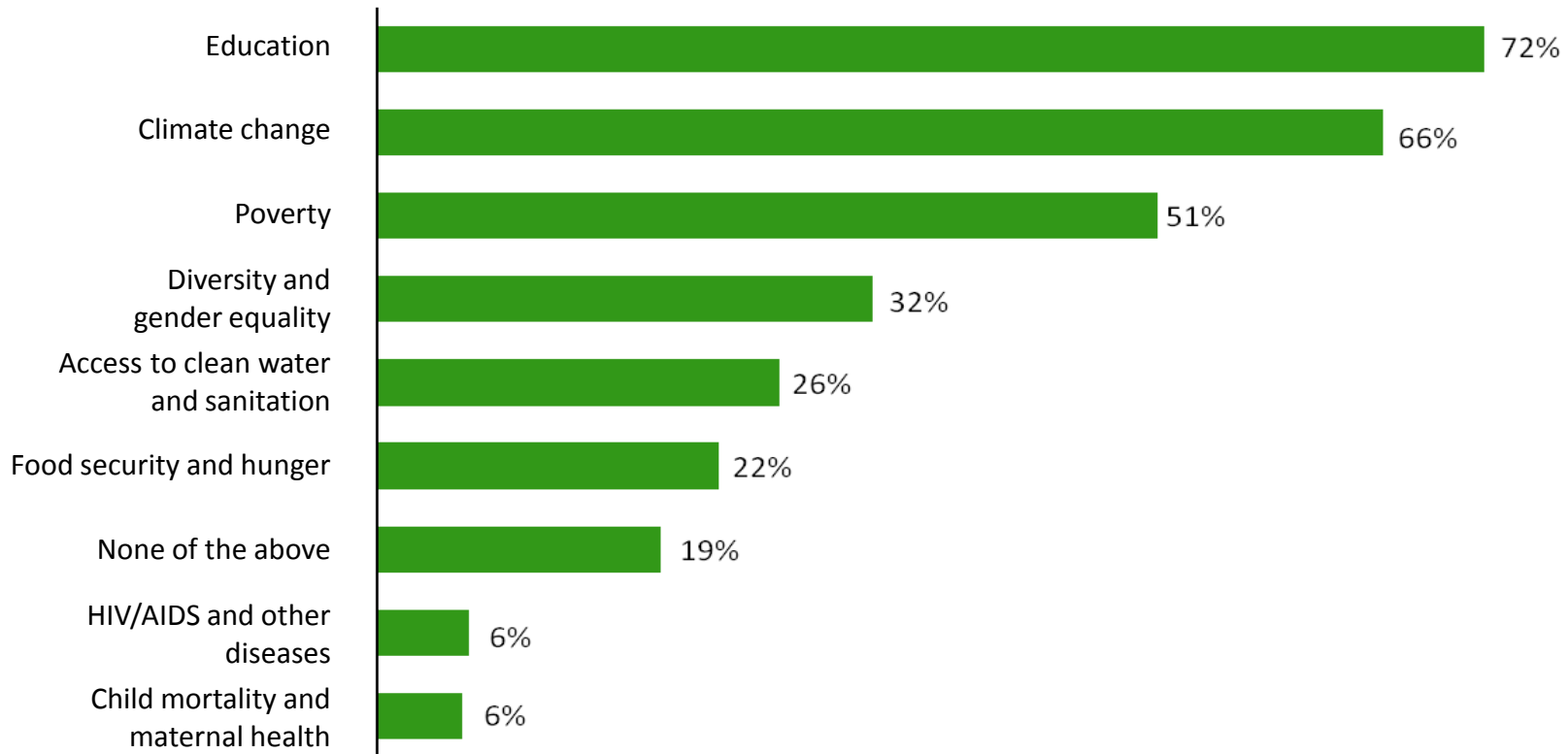
Which factors have driven you, as a CEO, to take action on sustainability issues?



Education and climate change are top-of-mind for CEOs as the sustainability issues most critical to the future success of their businesses

72% of CEOs see education as the global development challenge most critical to the future success of their business – climate change is second with 66%

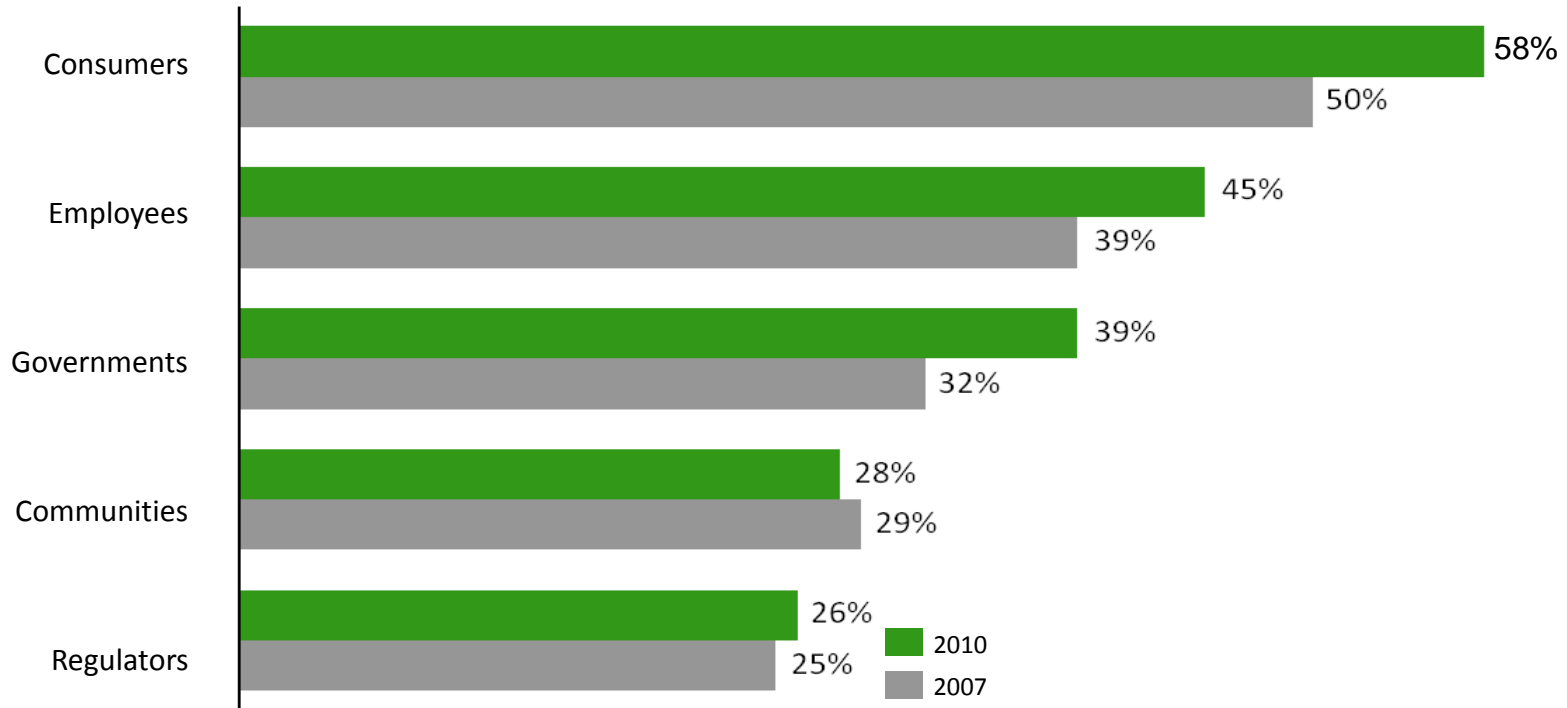
Which of the following global development issues are the most critical to address for the future success of your business?



CEOs expect consumers (as well as governments and B2B customers) to drive business action on sustainability over the next five years

58% of CEOs believe that consumers will be the most important stakeholder in driving their approach to sustainability over the next five years

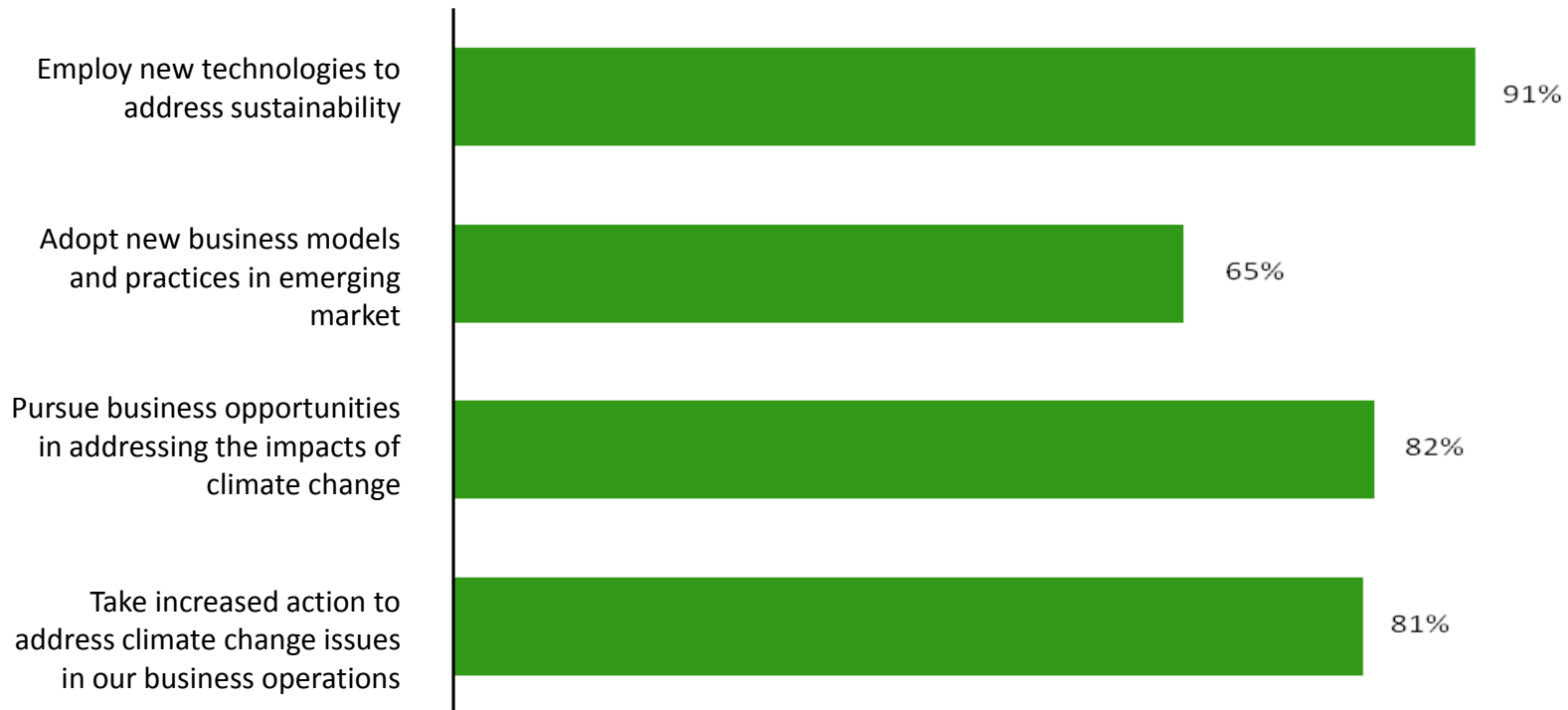
Over the next five years, which stakeholder groups do you believe will have the greatest impact on the way you manage societal expectations?



CEOs believe technology and innovation will play a vital role in embedding and enabling sustainability in their businesses

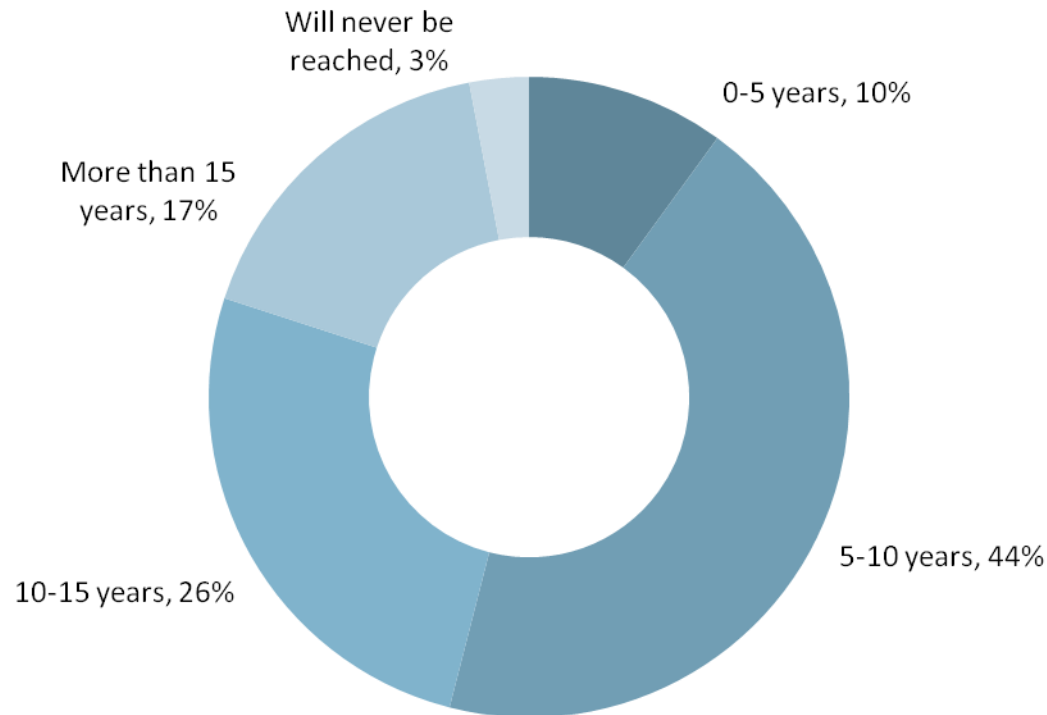
91% of CEOs believe they will employ new technologies to address sustainability issues over the next five years

Over the next five years, my company will:



80% of CEOs believe that a 'tipping point' – where sustainability is fully embedded into core business – could be achieved within 10-15 years

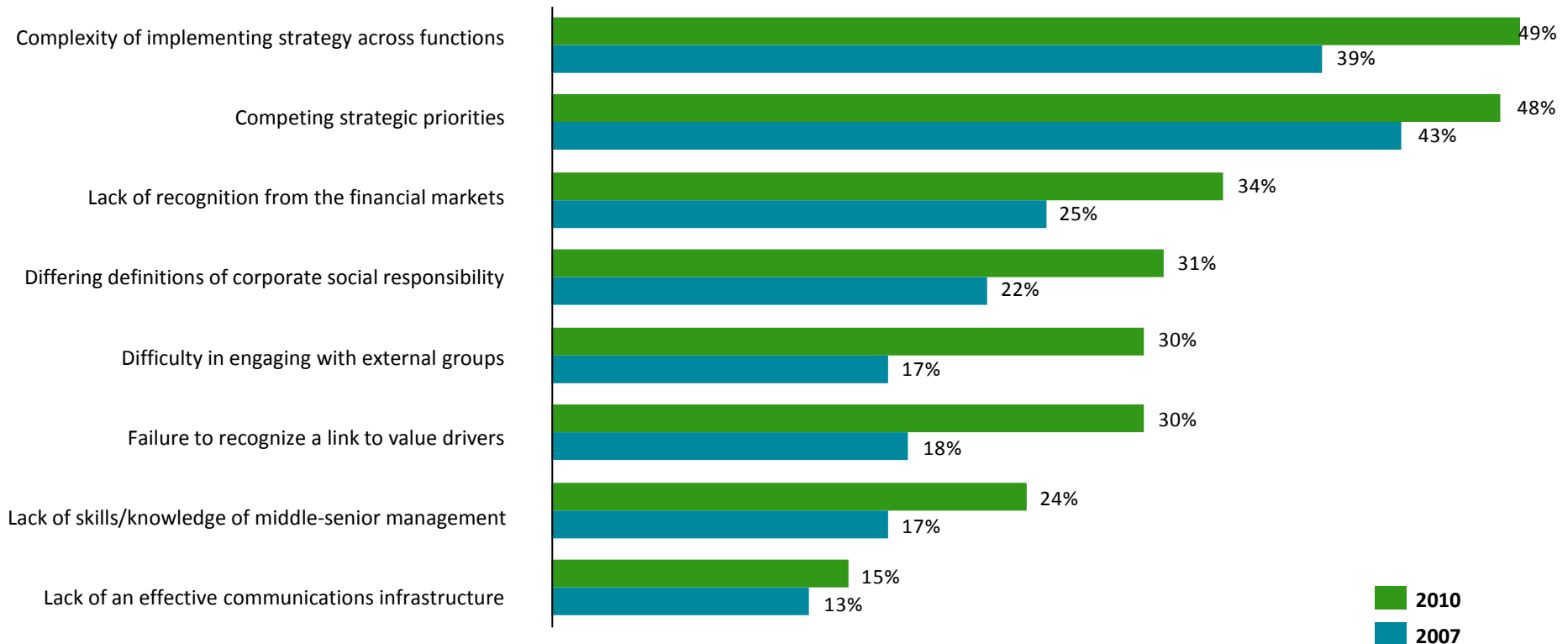
How long do you think it will take to reach the point where sustainability is embedded within the core business strategies of the majority of companies globally?



However, CEOs see significant challenges in moving from strategy to execution, with complexity of integration the most commonly cited barrier...

Which barriers keep you, as a CEO, from implementing an integrated and strategic company-wide approach to environmental, social and corporate governance issues?

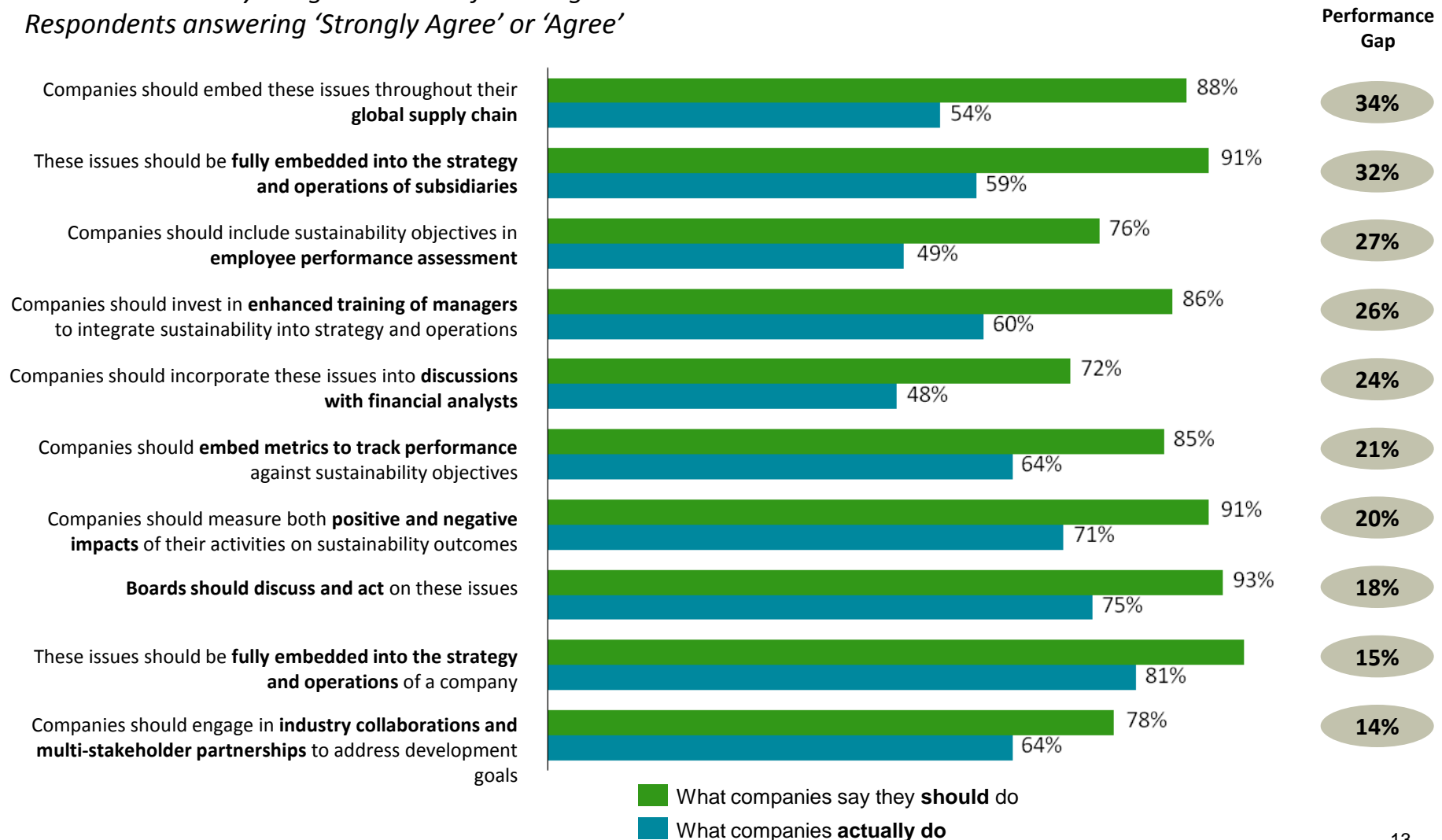
Respondents identifying each factor in their top three choices
%



...and report 'performance gaps' within their own organisations, particularly in integrating sustainability through supply chains and subsidiaries

To what extent do you agree with the following statements?

Respondents answering 'Strongly Agree' or 'Agree'



'A New Era of Sustainability': Seven Themes

1. Growth

- Leading CEOs are beginning to view sustainability through a **'growth lens'**: how to grow through sustainable products and services, and how to differentiate brands based on sustainability.



2. Trust

- The **battle for trust** is an increasingly mainstream business concern, as companies appreciate the need to open new conversations regarding the role of business in society.



3. Capabilities

- CEOs believe that **education and training** will be critical in developing the knowledge, skills and attitudes to manage sustainability as part of core strategy and operations.



4. Performance

- Business leaders recognise that new **performance management capabilities and metrics** will be required to drive performance improvement.



5. Valuation

- CEOs see a lack of understanding of sustainability on the part of investors – but investors believe that companies need to communicate **linkages between sustainability performance and business value**.



6. Collaboration

- CEOs believe that **collaboration and partnerships**, both with suppliers and with other stakeholders (e.g. NGOs), will be crucial in delivering societal outcomes.



7. Business Models

- Sustainability is beginning to **disrupt traditional business models**, creating challenges and opportunities in forging new models (e.g. cradle-to-cradle design and closed-loop systems).



In order to make further progress and accelerate a tipping point, CEOs see a number of business actions necessary to put the right conditions in place

1. CONSUMERS - Actively shaping consumer and customer awareness, attitudes and needs

CEOs see the need to increase the **provision of consumer information** and set clear standards for measurement of environmental impacts.



2. EDUCATION - Generating new knowledge, skills and mindsets for sustainable development

CEOs also recognize the need to engender the right **knowledge, skills and mindsets in their managers** and future leaders, as well as working with **business schools and universities**.



3. INVESTORS - Leading the creation of an investment environment more favourable to sustainable business

CEOs believe that they need to be **more proactive in engaging with investors** to ensure that the value of sustainability activities can be demonstrated.



4. PERFORMANCE - Embedding new concepts of value and performance at the organizational & individual levels

Businesses will need to **measure both positive and negative impacts** of business on society, embed sustainability in performance frameworks, and **articulate the value of business in society**.



5. REGULATION - Creating a clearer and more positive regulatory environment

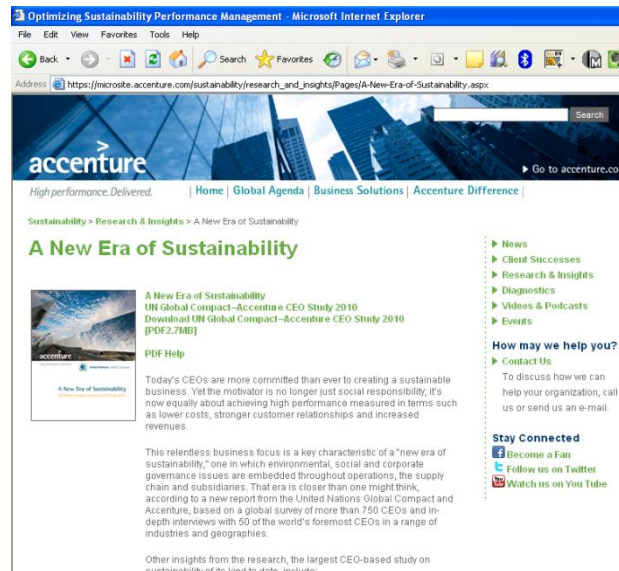
To avoid unintended consequences of regulation and build trust, businesses should adopt a more **proactive and collaborative approach with governments**.



Further Information

To download the UN Global Compact – Accenture CEO Study report; the benchmark diagnostic; or the launch video visit:

www.accenture.com/sustainability



For more information, please contact Robert McNamara (robert.p.mcnamara@accenture.com)