Sustainability Reporting and Business Growth in 8 Steps

Life Is On | Schneider Electric

Schneider Electric is the 9th most sustainable corporation in the world

When it comes to sustainability reporting, companies may feel like they're in an increasingly uncomfortable public-private vice. On one side, consumers and shareholders are pressuring organizations to be better corporate citizens and increase transparency. Governments are establishing more reporting requirements as well, which will inevitably multiply through initiatives such as the recent Sustainable Innovation Forum at COP21.

No matter how you look at it, the call for climate action is coming in surround sound. Integrated reporting is becoming more and more mainstream.

The good news is that sustainability programs and reporting can boost consumer confidence, shareholder esteem — and a company's bottom line.

At Schneider Electric, we walk the talk. We have been recognized as a global leader in response to climate change and has been awarded a position on The Climate "A" List by the Carbon Disclosure Project, for the 5th year in a row.

Consider these statistics:

The evidence is irrefutable: Sustainability makes companies more profitable and more attractive to all stakeholders. Given the importance consumers now place on sustainability, especially those mercurial millennials, it's no wonder.

- More than 50% of customers prefer sustainable brands.
- Sustainable brands have outpaced the market by 120%.
- 86% of consumer respondents said they would be more likely to trust a company that reports corporate social responsibility results.
- Since 2006, companies listed on the Carbon Disclosure Leadership Index (CDLI) delivered returns in excess of 67% — more than double the 31% return of the Global 500.
- Americans are willing to spend, on average, 31% more per week on sustainably produced grocery food.
- Almost three-quarters of employees, 71%, want to work for a company whose CEO is actively involved in corporate responsibility and/or environmental issues.

But many companies are failing to capitalize on these benefits simply because they don't have the expertise and tools to capture and report progress on their sustainability goals. Even companies that want to operate more transparently often struggle with collecting and wrangling sustainability data, which is typically scattered across different silos and platforms.

How can companies develop effective sustainability reporting strategies in the face of these challenges?

A sustainability reporting strategy in 8- steps

1. Create a roadmap
2. Identify key players and develop a governance structure
3. Develop accountability structures
4. Leverage technology
5. Identify the quickest ROI opportunities
6. Communicate successes
7. Continually assess and refine
8. Create a sustainable culture — from the top down

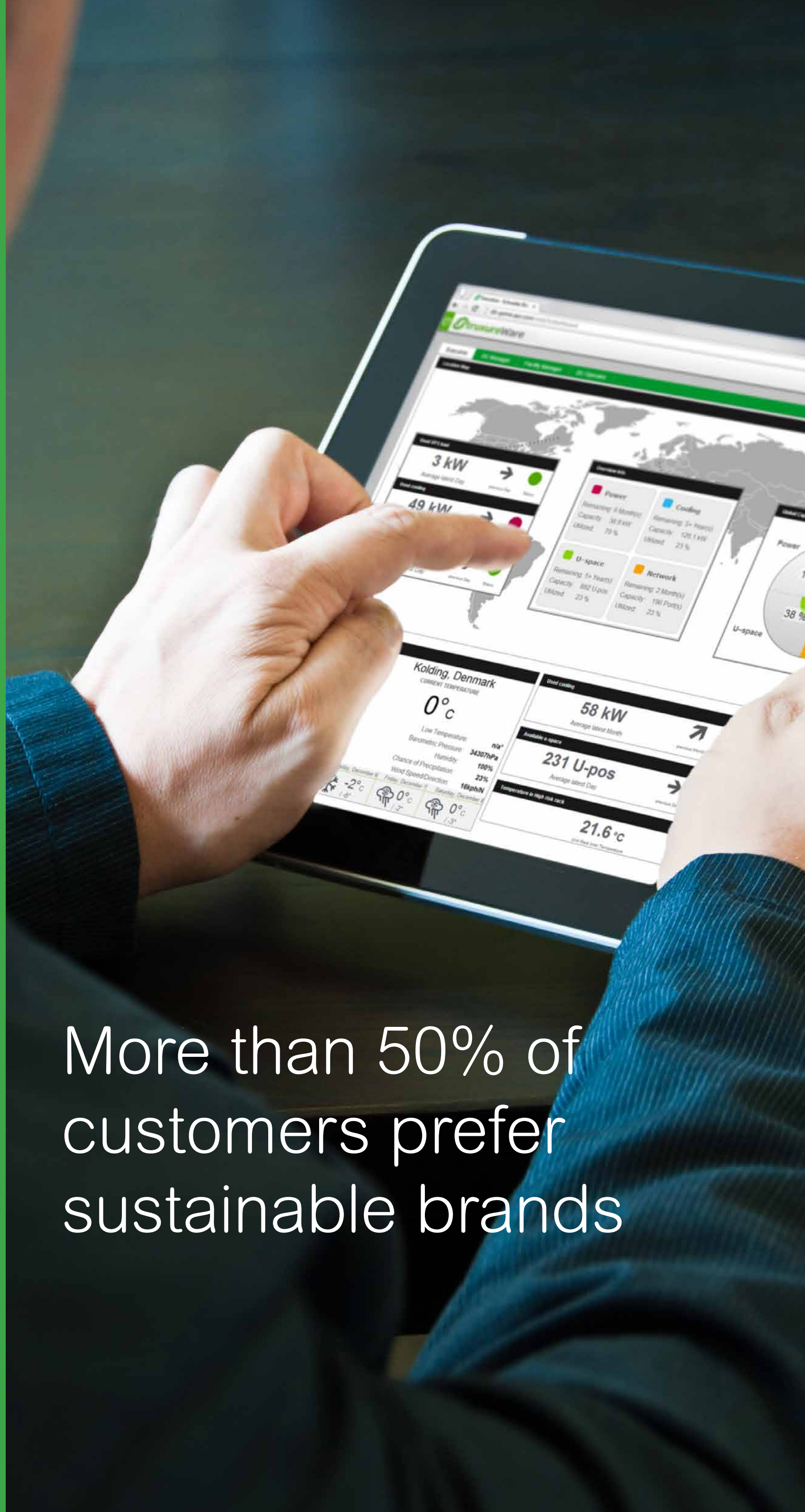
Step 1

Create a roadmap

A roadmap should show how your sustainability reporting will function. For example, you might first set out expectations for governance, shareholder engagement and disclosure. Then look at your expectations for performance in the following areas:

- Operations
- Supply chain
- Transportation and logistics
- Products and services
- Employees

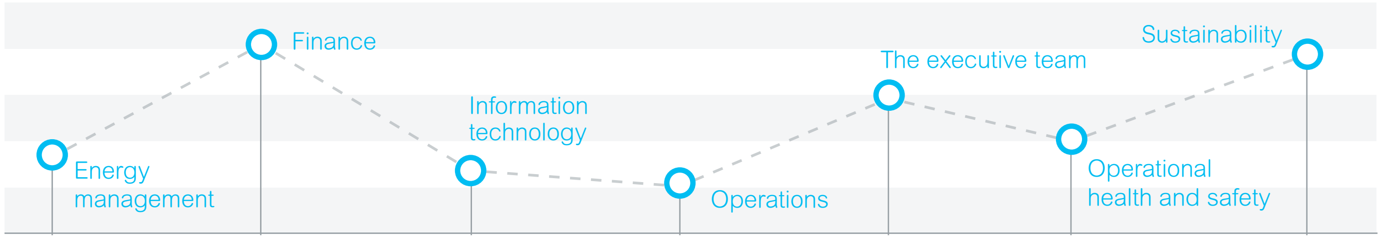
Assess which of these areas represent the biggest pain points or opportunities and which can be addressed most effectively. Pick the "low-hanging fruit" first to start gaining traction. Remember to be specific in your requests and explain why you need the data. For example, stating, "We are consistently providing our investors and customers with incorrect information because there are no formal processes or accountability mechanisms" is a clearer request than "I need people to give me data."



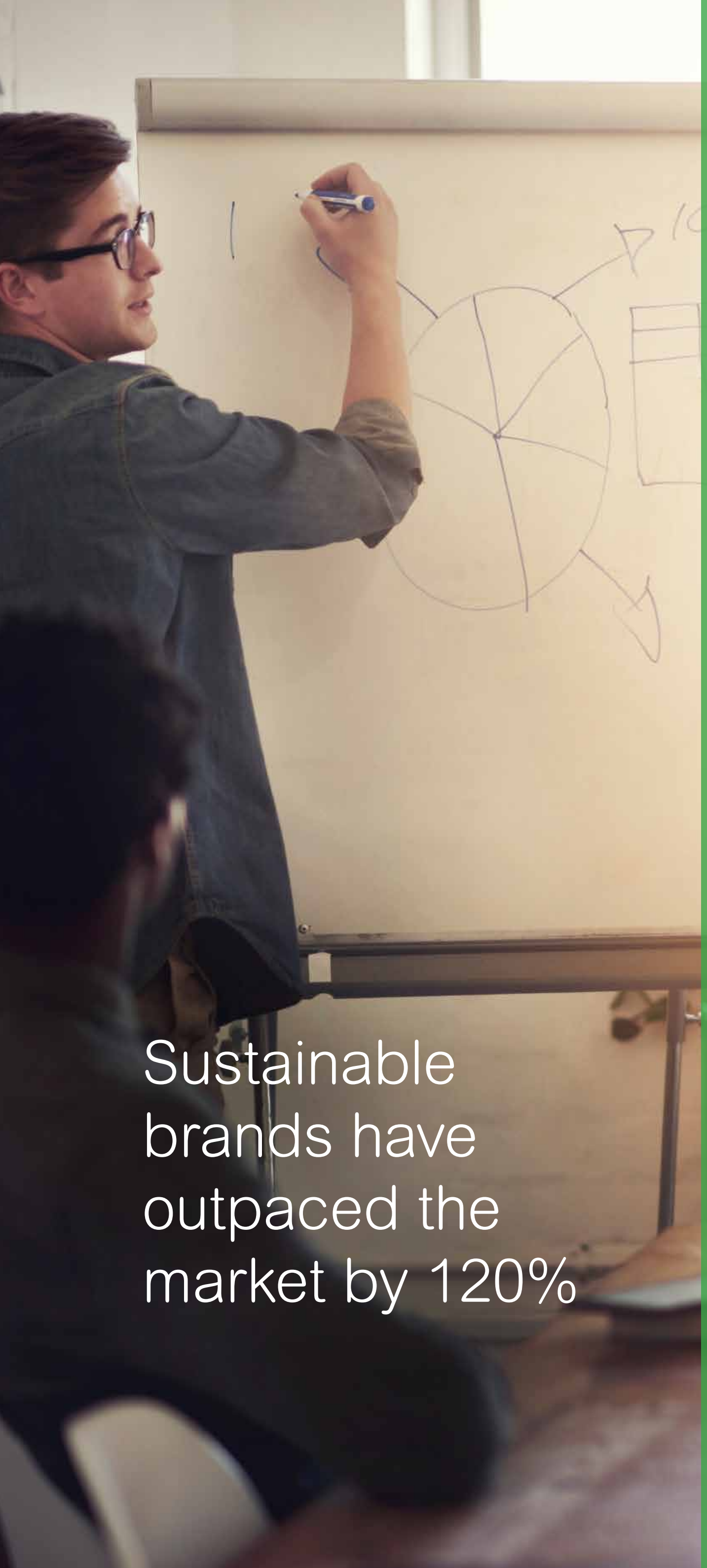
Step 2

Identify key players and develop a governance structure

This step involves identifying the data owners of your sustainability program, and establishing communication pathways between them and the sustainability team. Many groups may already be undertaking parallel work so make sure to bring the following teams to the table:



It's also a good idea to bring in site contacts and enterprise contacts to make sure they buy into the goals. Remember, short conversations up front can save significant time chasing information later.



Step 3

Develop accountability structures

This is a framework not unlike an organizational chart in that it shows the different groups involved in reporting. It includes an outline of the roles and responsibilities of each group, and describes the processes, people and supports necessary to function effectively. Accountability structures provide clarity, organization and communication. Structures can include the following groups:

- Anchor entity - the group that brings everyone together.
- Leadership - executives from the organization including finance.
- Staff - employees who manage everyday operations.
- Steering committee - the advisory group.
- Community advisory - external stakeholders.
- Data team - those responsible for data collection and analysis.
- Communications team - The group in charge of spreading ideas and progress against goals.

Step 4

Leverage technology

The right systems allow you to house various data points from all owners in one place. Rather than manually inputting data from a variety of sources, which is time intensive and error prone, implement a SaaS cloud-based solution. That way, data can be more easily analyzed and acted upon. This platform should also offer drill-down capability into single-site, interval-level data to find inefficiencies that can be hidden in monthly reports.

For example, consider collecting the following data in one centralized location:

- Utility bills/utility data
- On-site meters — water, electricity and gas
- Facility sub-metered interval data, such as lighting or HVAC if available
- Facility and enterprise software application data
- Detailed supplier information and ratings
- Survey information
- Efficiency goals and performance
- Efficiency project details
- Resource cost metrics — price per kwh, price per gallon tariffs, etc.
- Production, financial, weather and other related data

Step 5

Identify the quickest ROI opportunities

Use analytics to identify projects with low up-front investments that can result in positive results over a relatively short period of time. Examples include an understanding of the leading and lagging site performers within your real-estate portfolio, or an immediate opportunity to reduce carbon emissions. Remember, as much as 50% of potential efficiency improvements are low to no cost.

Analytics can be performed remotely using a SaaS platform or through onsite assessments to find and prioritize projects. Building improvements like fine-tuning heating and cooling equipment, or installing energy meters that provide a granular view of energy use can be a great place to start because efficiency-focused projects tend to have a significant ROI. Some equipment upgrades can be fairly inexpensive and yield great returns; for example, installing variable speed drives can reduce fan consumption by 25% -85%

In situations where your leadership team is skeptical, proving the return of sustainability initiatives to your CFO can build buy in. Knowing what projects to pick is extremely important, and should in part relate to overall corporate strategy and values. This approach will build confidence and support for future sustainability-related ventures.

50% potential efficiency improvements are low to no cost

Learn more

Companies listed on the CDLI delivered 2x the average returns of the Global 500

Learn more

Step 6

Communicate successes

Share success stories with stakeholders (employees, customers and shareholders), and highlight the value of what has been accomplished, as well as challenges the company needs to address. Remember, sustainability communications will only deliver brand value if they are based on brand strategy and integrated with mainstream communication. Some points to bear in mind when communicating:

- Know who you talking to, map your audience.
- Find a big goal that can drive your message (i.e. reducing water consumption by 10%).
- Set clear and achievable objectives.
- Be inspiring and avoid industry jargon.
- Define messages and channels.
- Leverage social media to communicate on a daily or weekly basis, and build your sustainability brand.
- Plan how you will manage the campaign as it progresses.
- Measure and evaluate communications.

Step 7

Continually assess and refine

Examine where your strategy is performing well and expand upon those aspects. Then refine (or discard) the tactics that are showing less success. For example, your team might have done a great job gathering and defining sustainability metrics, but it lacks resources to analyze and act on this data. There are industry experts that can fill this gap, however, to really drive efficiency and improve performance. As you work through this step, you'll want to assess your reporting strategy on a regular basis, and integrate feedback from internal and external stakeholders.

Americans are willing to spend 31% more per week on sustainably produced groceries

Step 8

Create a sustainable culture — from the top down

Companies that see significant returns on their environmental initiatives recruit a diverse roster of employees who have one thing in common — an appreciation for the climate challenge and a passion for action. That starts all the way at the apex, with the board of directors. For a company operating in the 21st century, the risks and opportunities a board considers must include environmental and social issues.

For example, Prudential Financial recently added sustainability and corporate responsibility skills as one of its criteria for board member selection. Doing so not only illustrates the company's commitment to sustainability at the highest levels, but also enables the board to provide meaningful oversight for emerging environmental and social issues that confront the business.

71% of employees want to work for companies that are CSR and environmental advocates

Find out more about Schneider Electric's sustainability services
including strategy, reporting, portfolio optimization and compliance.

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