

Leadership Framework: Enabling Business Value through Sustainability

Sustainability is a broad term meant to collect the environmental and social values we all share and place them in the context of our economic endeavors. At the core of every business is a fiduciary responsibility, and the value of sustainability can contribute to and enhance an organization's financial goals, as well as the long-term viability of the organization. All activities within a business are judged by the same set of priorities:

More Money

Less Cost

Better Brand

Lower Risk

Increasingly, companies are understanding and articulating the business case for sustainability. However, to be successful these actions can't just make business sense, they must be built into the fabric of the organization – beyond the responsibility of any one individual or team – and made the collective responsibility of the entire company.

We believe the Leadership Framework will help accomplish this goal.



Leadership Framework: Built by Leaders Seeking Ongoing Improvement

The Leadership Framework was created out of the Product Sustainability Round Table, a global group of leading companies with the confidence and experience to know they always have room to improve. Core to the PSRT –driving the need for the Leadership Framework in the first place – is the realization that the key to plotting a path for improvement is effective and ongoing benchmarking of current capabilities and performance against other leading organizations.

The Framework facilitates organizations' sustainability efforts by:

1. Defining the steps to developing a leading, culturally-embedded organization;
2. Enabling self-assessment and benchmarking, leading to improvement opportunities,
3. Identifying best practices and common challenges across organizations; and
4. Providing a structure to measure performance and progress against goals over time.



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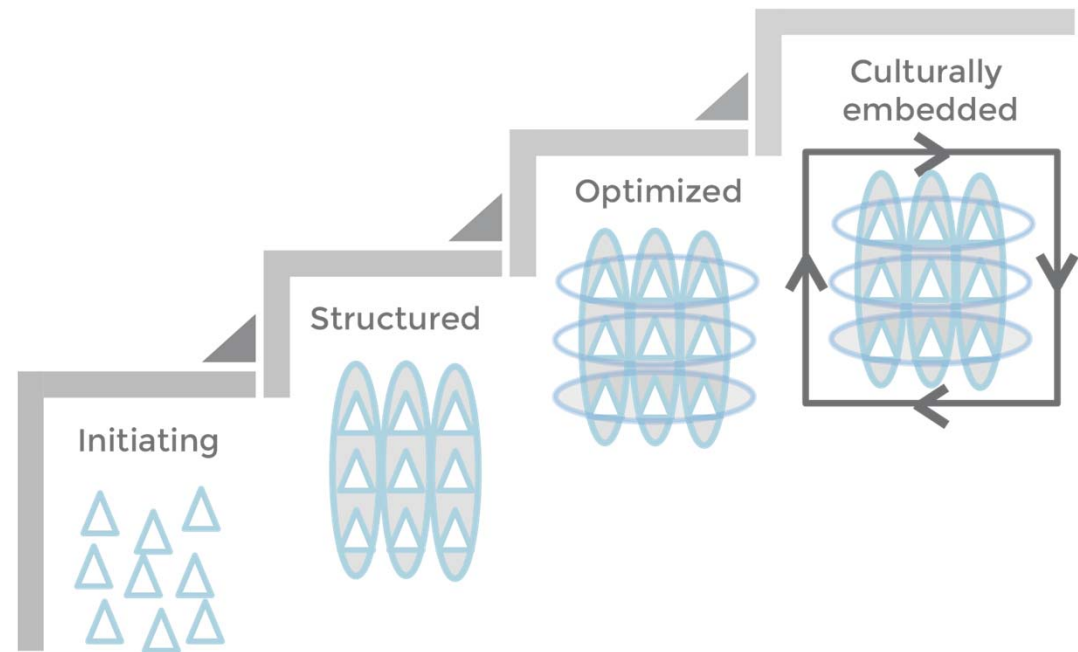


Leadership Framework: Maturity Levels

The Framework defines maturity levels for specific management practices that represent increasing capability, organizational structure, and/or stability of programs and processes applicable to any organization:

1. **Initiating** – Just starting sustainability journey, lack of structured activities, focus on risk mitigation
2. **Structured** – Have a sustainability strategy that's programmatically implemented
3. **Optimized** – Systematic, organization-wide activities are integrated into existing business processes, use of data to optimize
4. **Culturally embedded** – It's "who we are" – i.e. sustainability is integrated into business strategy, culture, and all business decisions

When determining which practices to pursue and how quickly, each organization must consider its individual circumstances and context, including its resources, strategy, priorities, and the estimated business value. Not all organizations will want to move across the model to the highest level of maturity for every practice. The key is for organizations to optimize their systems and programs based on their unique situation and goals.

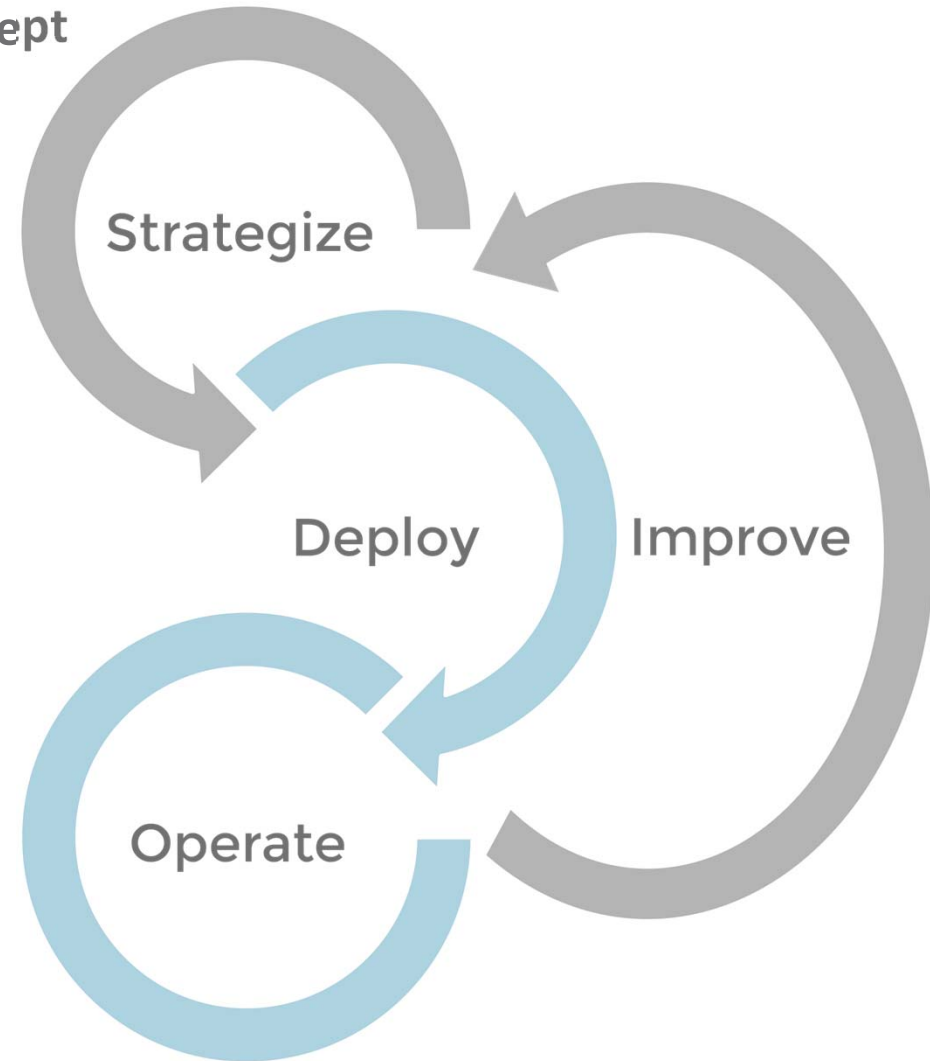


The Leadership Framework: the Underlying Concept

Businesses work within cycles. Progress is made with a certain cadence. Any attempt to move forward that is at odds with the traditional rhythm of the business will often face challenges, and sometimes failure. The key to success is to use the business cycle as the anchor to ensure every sustainability effort aligns and contributes to the core purpose of the business:

1. Strategize – Harness the revenue, cost, brand and risk drivers that intersect with your core business strategy.
2. Deploy – Business create value through allocation of human and financial capital. Do it the right way.
3. Operate - Excellence comes from individuals working together to achieve the greater goal. Culture is King.
4. Improve – Learning from past efforts may sound cliché, but few organizations do it well.

Most of us have an opportunity to work within only a handful of organizations during our career, how are we to achieve our goals with such limited experience?



The Leadership Framework: Everything in Context

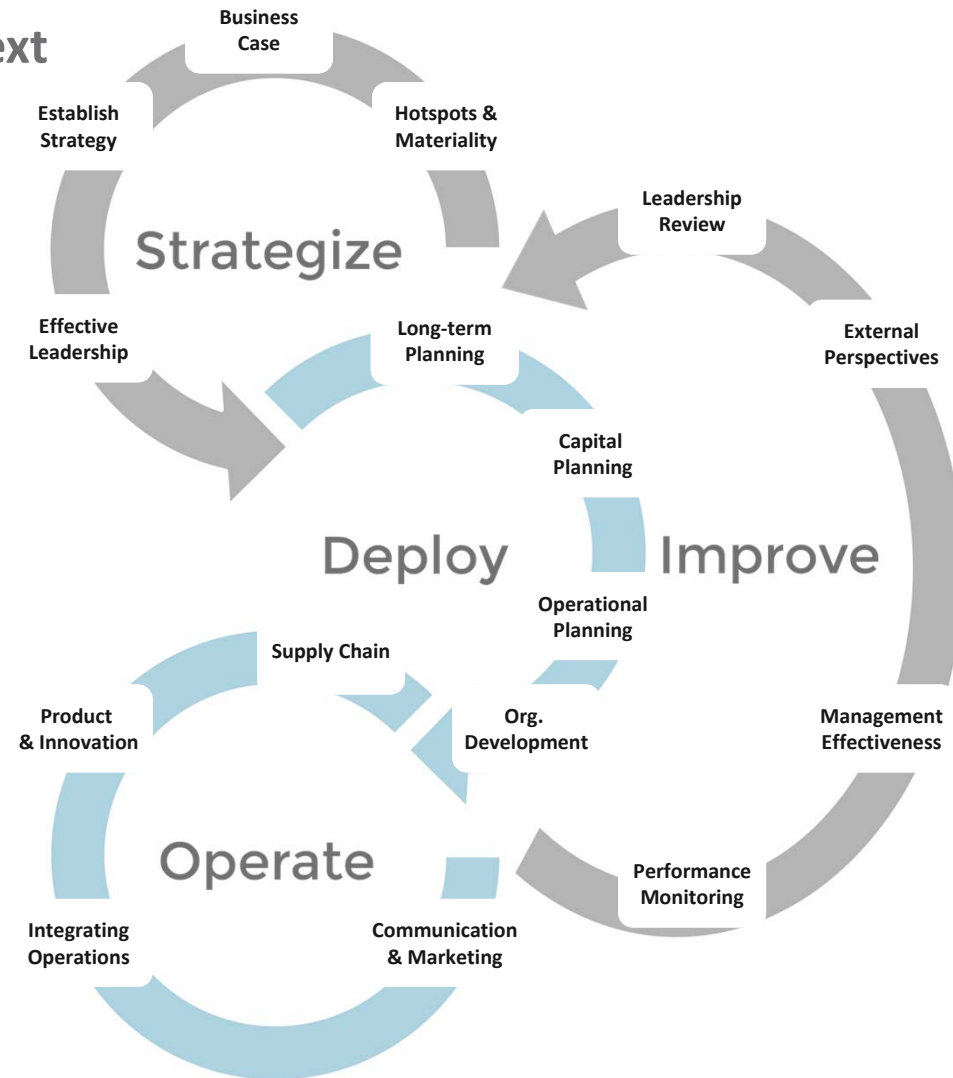
Most of our days are spent dealing with small details. But those details matter, and more importantly, they need to work together in order to efficiently get us to where we want to go and create the desired impact.

The Leadership Framework is an attempt to bring together all of the management tasks necessary to successfully drive environmental, social and economic improvements within an organization.

Bringing these together is a good start, but the real value comes from understanding how they can interact within an organization to build upon each other and drive innovation and transformational progress.

- Can sustainability-driven innovation be integrated into organizational culture?
- How can 'traditional' companies respond to the circular economy megatrend?
- How can employee engagement be improved?
- What is the business case for tracking product data?
- How can a company meaningfully address elements of the UN Sustainable Development Goals?

These are just some of the questions we are investigating as we make progress on benchmarking within the Framework.



The Leadership Framework: Next Steps

The PSRT membership has begun to build out the next level of detail within the framework, focusing on **product hotspot assessment**, **product development process** and **breakthrough innovation** as initial elements for expansion.

During 2018, PSRT will continue to build

- Long-term Planning – how can company goals help solve social and environmental challenges? How do effective goals enable capital planning and innovation?
- Communication and Marketing – what are best practices for enabling marketing teams to engage key stakeholders and activate business value?
- Product Transparency & Traceability – how can companies best manage the data complexity and IP sensitivity associated with today and tomorrow's expectations of transparency and traceability across the value chain?
- Employee Engagement & Internal Communications – An organization with culturally embedded sustainability depends upon a well engaged workforce, how is this systematically implemented and maintained?

Teams and timelines are currently being developed.

Let us know how you want to be involved!

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