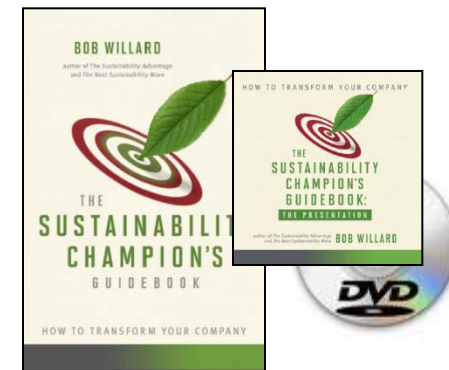


Leading the Transformation to a Green Economy



Building Sustainable Cities Kelowna

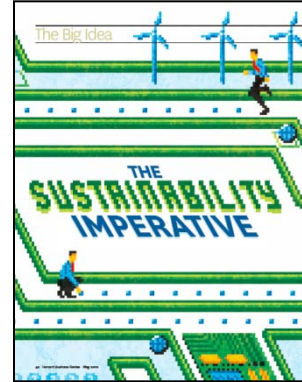
November 16, 2010



The “Sustainability Imperative”



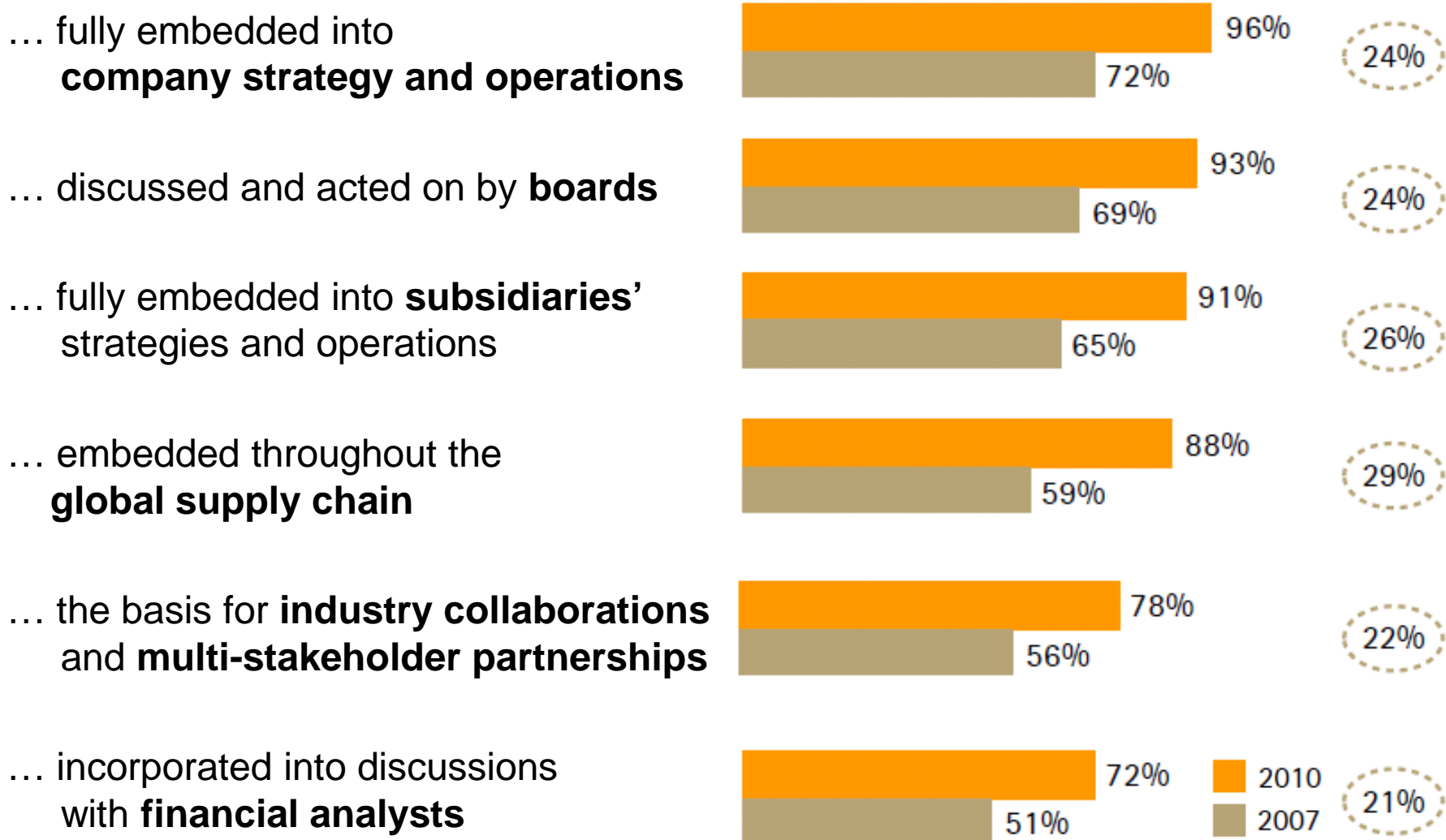
Megatrend: “A fundamental shift in the competitive landscape that creates inescapable threats and game-changing opportunities ... profoundly affects companies’ competitiveness and even their survival.”



Over the last 10 years, the “**Sustainability Imperative**” has emerged, magnified by escalating public and governmental concern about climate change, industrial pollution, food safety, and natural resource depletion, among other issues.”

Significant CEO Mindset Shift

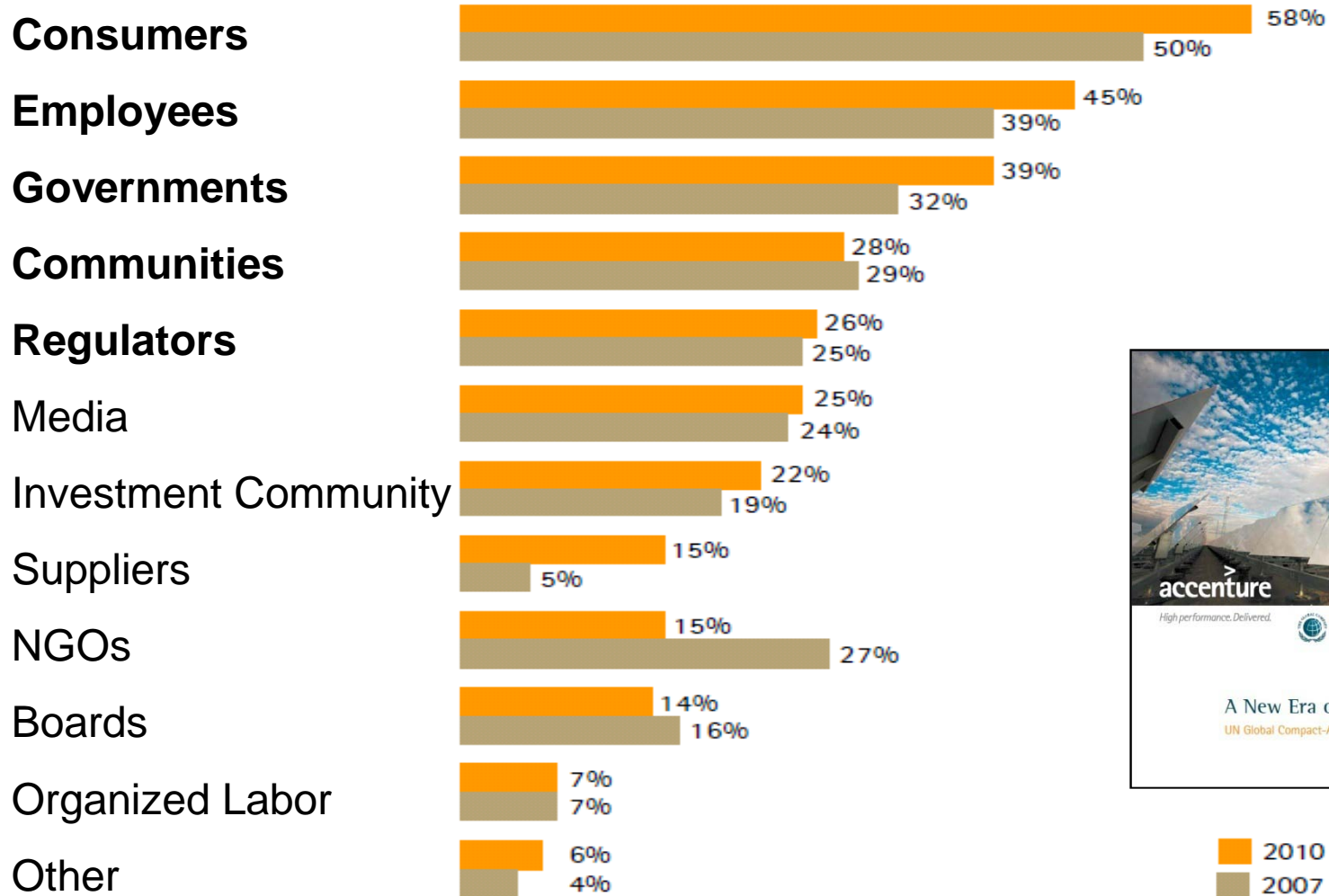
CEOs Agree /Strongly Agree that sustainability should be **2010 Increase Over 2007**



Survey of 766 worldwide CEOs, including 50 in-depth interviews
UN Global Compact and Accenture study, "A New Era of Sustainability," June 2010

Stakeholders Driving Sustainability

Stakeholders who CEOs believe will have the greatest impact on the way they manage societal expectations

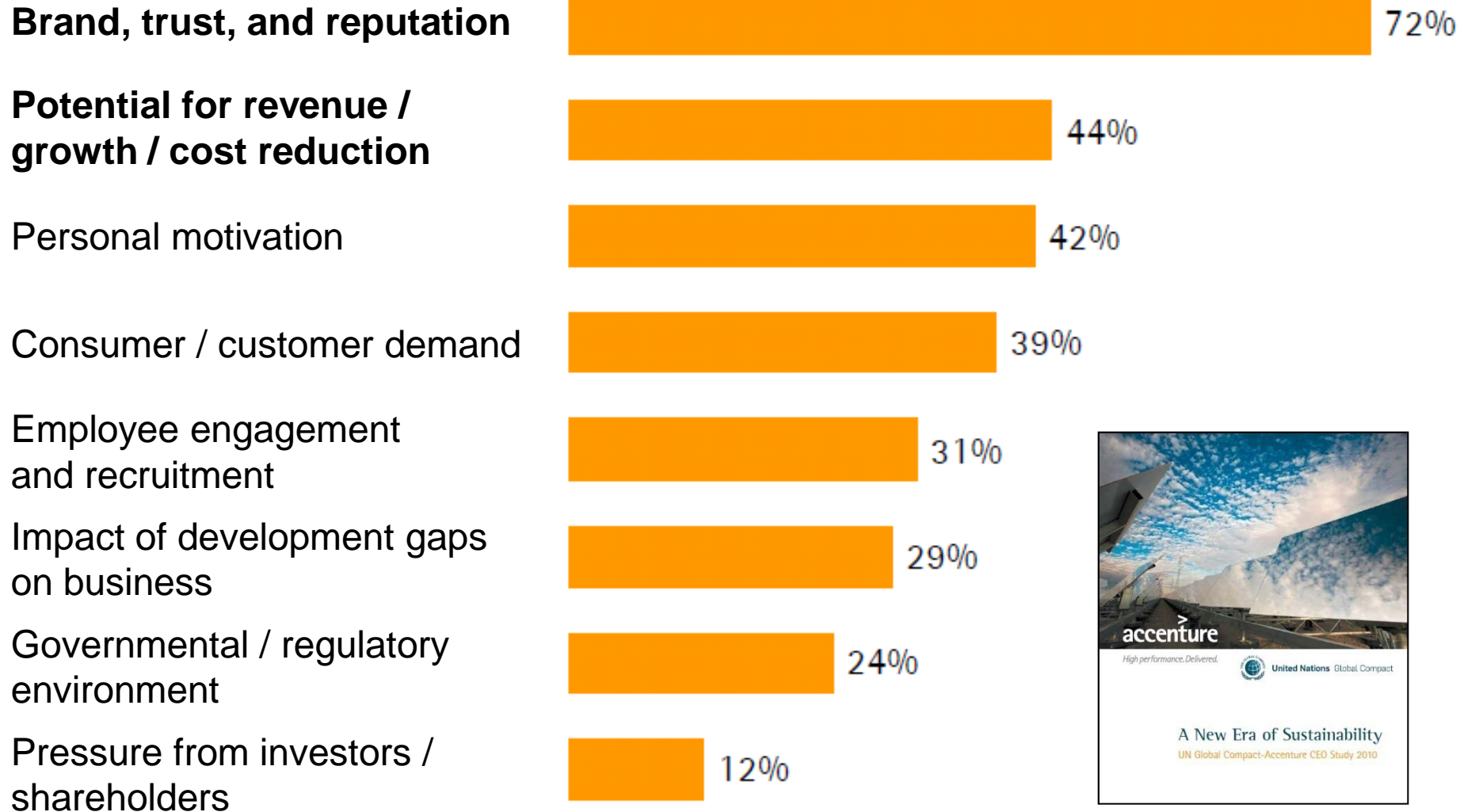


2010
2007

Survey of 766 worldwide CEOs, including 50 in-depth interviews
UN Global Compact and Accenture study, "A New Era of Sustainability," June 2010

CEOs: Sustainability Drivers

Top 3 drivers of CEOs' action on sustainability issues



Survey of 766 worldwide CEOs, including 50 in-depth interviews
UN Global Compact and Accenture study, "A New Era of Sustainability," June 2010

Sustainability 3-Legged Stool

Sustainability

Economic Leg

Good Jobs
Fair wages
Security
Infrastructure
Fair Trade



Environmental Leg

0 Pollution & Waste
Renewable Energy
Conservation
Restoration

Social Leg

Working conditions
Health services
Education services
Community & Culture
Social justice

Quality of Life / Genuine Wealth / Genuine Progress

Municipal “3-Legged Stool”

Sustainable Community

Economic Security

Responsible
businesses,
Jobs, Tax base

Infrastructure and Built Environment

Public transit,
Energy-efficient
buildings



Ecological Integrity

Air, Land, Water,
Biodiversity, Local
renewable energy,
Zero waste

Governance and Empowerment

Social Well-being
Health care, Safety,
Education, Housing,
Culture

Ranking of Sustainable Canadian Cities

Ecological Integrity Economic Security Governance & Empowerment Infrastructure & Built Envir't Social Well-Being

BIG CITIES



MEDIUM CITIES



SMALL CITIES



Corporate Sustainability 3-Legged Stool

Sustainability = Sustainable Development (SD)
= Environmental, Social, Governance (ESG)
= Corporate Social Responsibility (CSR)
= Corporate Responsibility (CR) = Green
= Triple Bottom Line (TBL) = 3Es = 3Ps

Economy - Profits

Growth, Jobs,
Taxes
Products
Services



Environment - Planet

Eco-efficiencies
Eco-effectiveness

Equity - People

Employees
Community / Culture
World

Meet Them Where They Are

Smart / Resilient Community

Economic / Financial
Capital

Physical / Built
Capital



Natural
Capital

Human Capital
Passion Capital
Social Capital
Cultural Capital
Political Capital

Quality of Life / Genuine Wealth / Genuine Progress

Smart Community 3-Legged Stool

Resilient Community

Economic / Financial
Capital

Physical / Built
Capital



Natural
Capital

Human Capital
Passion Capital
Social Capital
Cultural Capital
Political Capital

Community Value Creation

5-Stage Sustainability Journey



5. Purpose/Passion

Values-driven senior leader

4. Integrated Strategy

Enhanced organizational value

3. Beyond Compliance

Eco-efficiencies

PR crisis

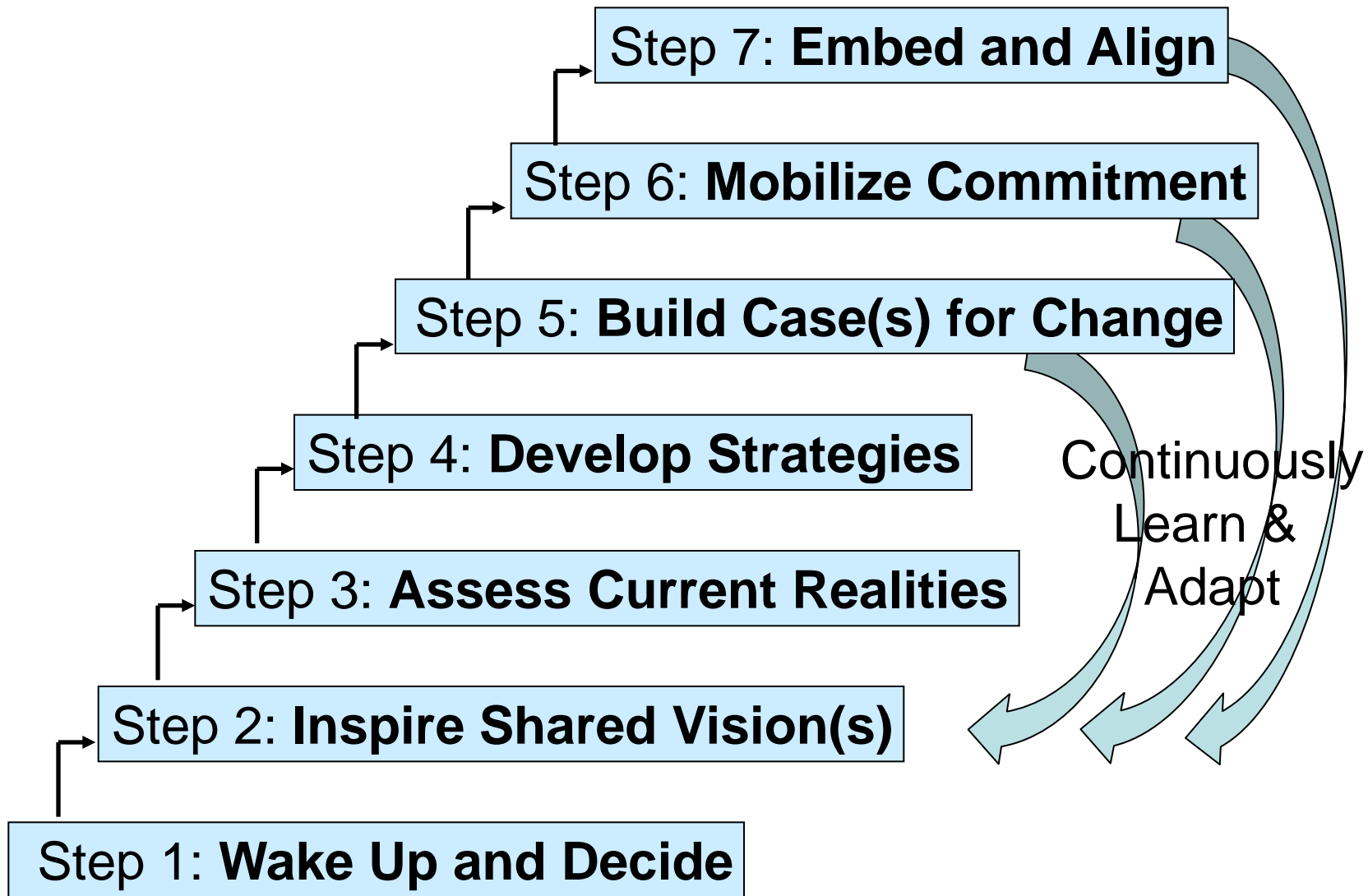
Regulatory threat

2. Compliance

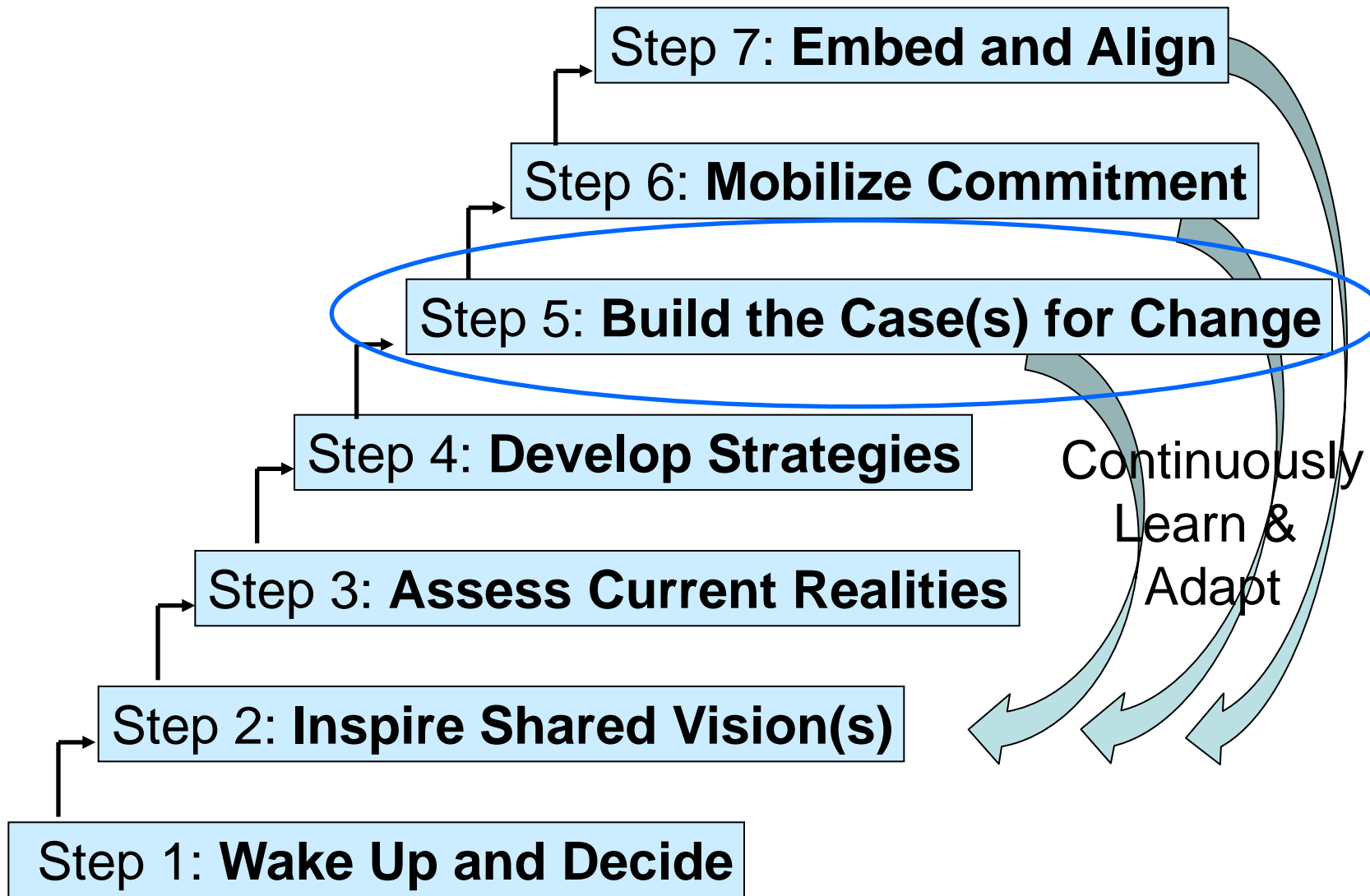
Regulatory enforcement

1. Pre-Compliance

7-Step Sustainability Change Process



7-Step Sustainability Change Process



The 3 R's of Justifying Sustainability



RISKS

+



RESPONSIBILITIES

+



REWARDS

BUSINESS CASE



Risks to Financial and Natural Capitals: Big-5 Sustainability Storm Fronts



Waste, Toxicity,
and Health



Species Extinction and
Overharvesting



Climate Change and
Energy Crises



Poverty and
Social Injustice

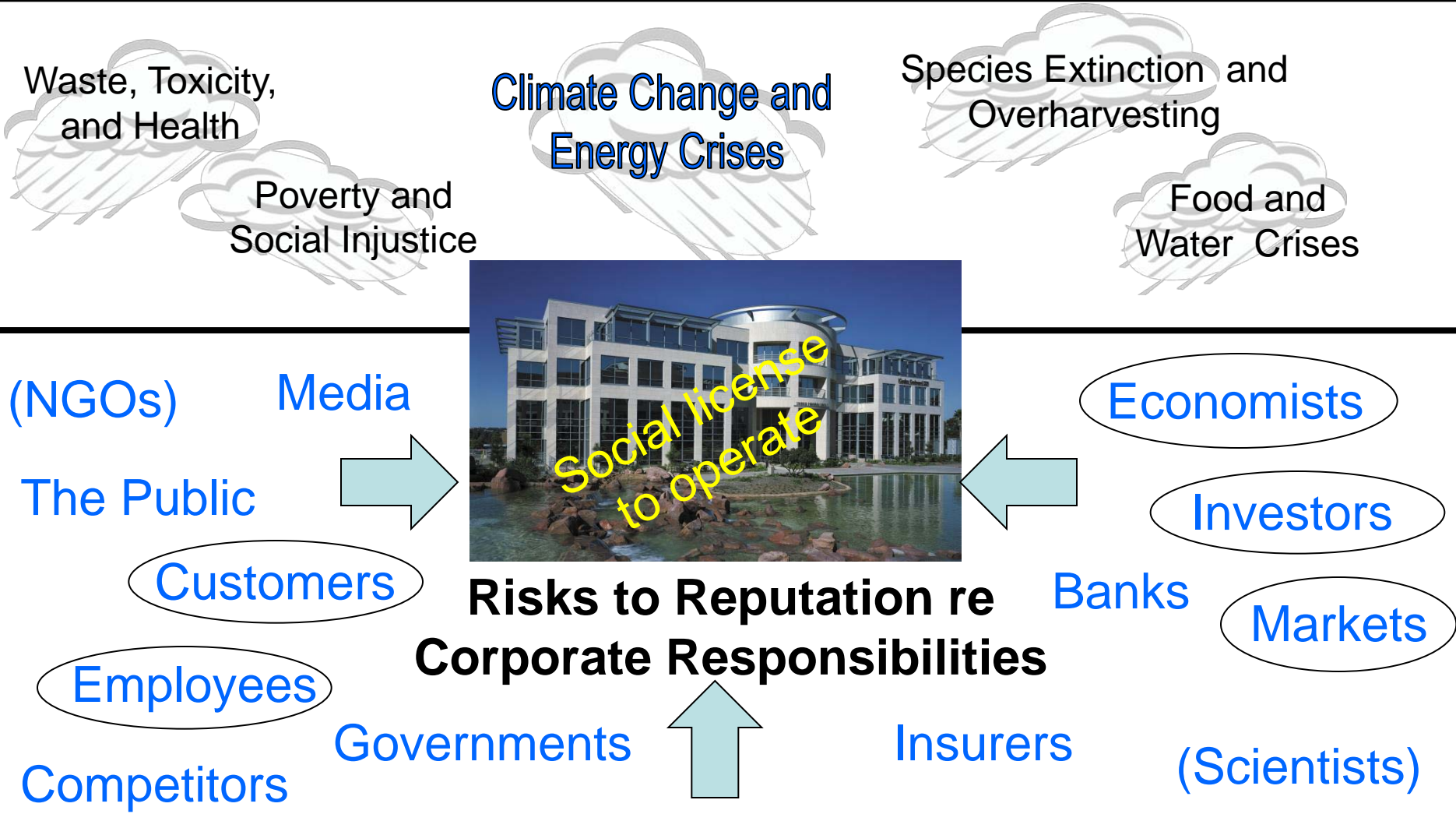


Food and Water
Crises

The 3 R's of Justifying Sustainability



Risks to Social Capital: Stakeholders' Rising Expectations



Waste, Toxicity,
and Health

Poverty and
Social Injustice

Climate Change and
Energy Crises

Species Extinction and
Overharvesting

Food and
Water Crises

(NGOs)

Media

The Public

Customers

Employees

Competitors

Governments

**Risks to Reputation re
Corporate Responsibilities**

Economists

Investors

Markets

Banks

Insurers

(Scientists)

The 3 R's of Justifying Sustainability



RISKS

+



RESPONSIBILITIES

+

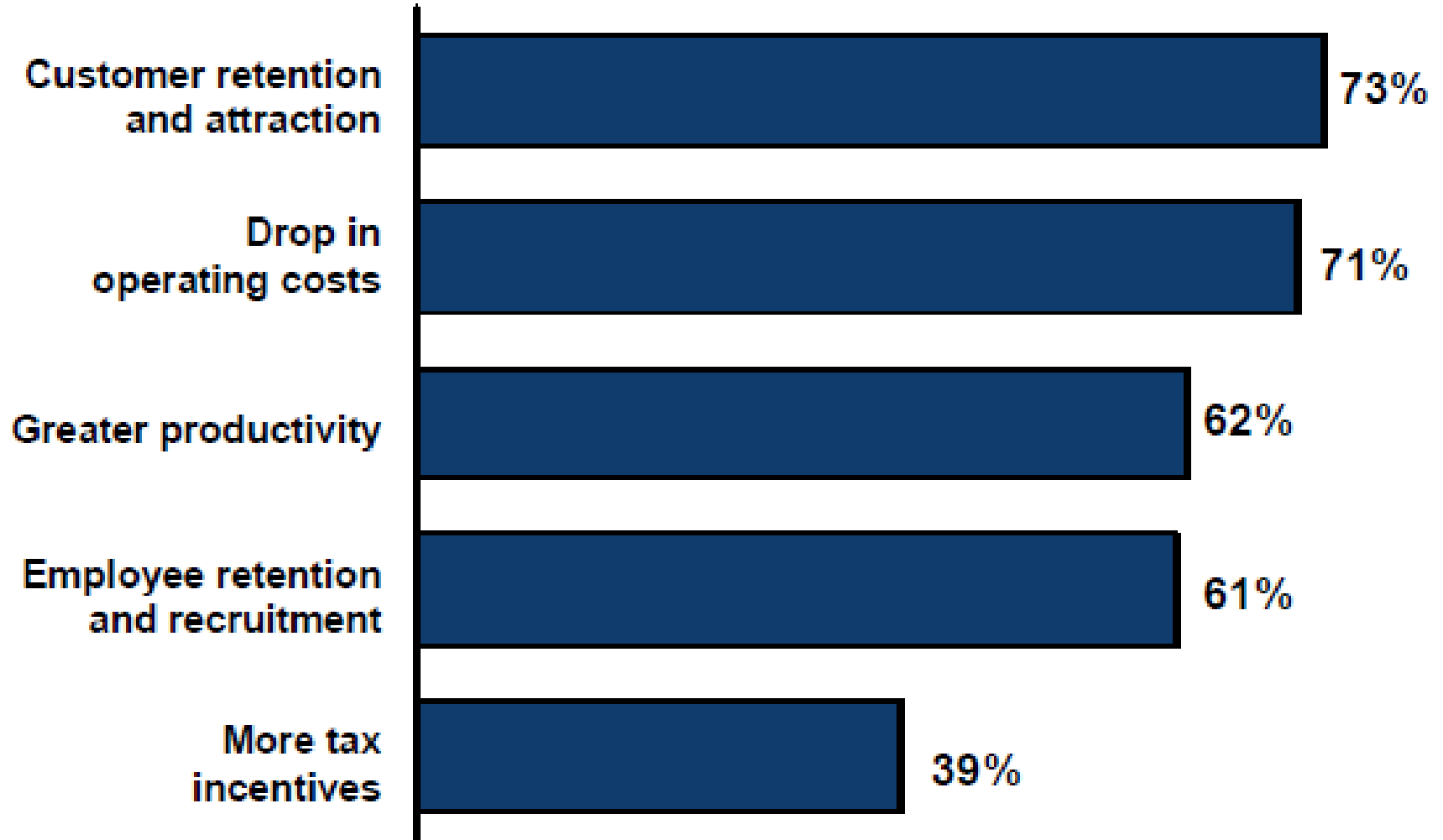


REWARDS

BUSINESS CASE



Benefits of Sustainability Strategies



C-suite survey of 203 large U.S. enterprises, Feb.-Mar. 2009

One More Goal ... or an Enabling Strategy?

Profit

Innovation

Share price

Speed to market

Growth

New markets

Revenue

Talent wars

Customer care

Productivity

Expense savings

Motivation

Competition

Brand image

Market share

Managing risks

Leadership

Compliance

Governance

Supply security



RELEVANCE

The 3 R's of Justifying Sustainability



RISKS

+



RESPONSIBILITIES

+

SME
Companies:
At least 66%
more profit



REWARDS



Large
Companies:
At least 38%
more profit

BUSINESS CASE

Potential Improvements

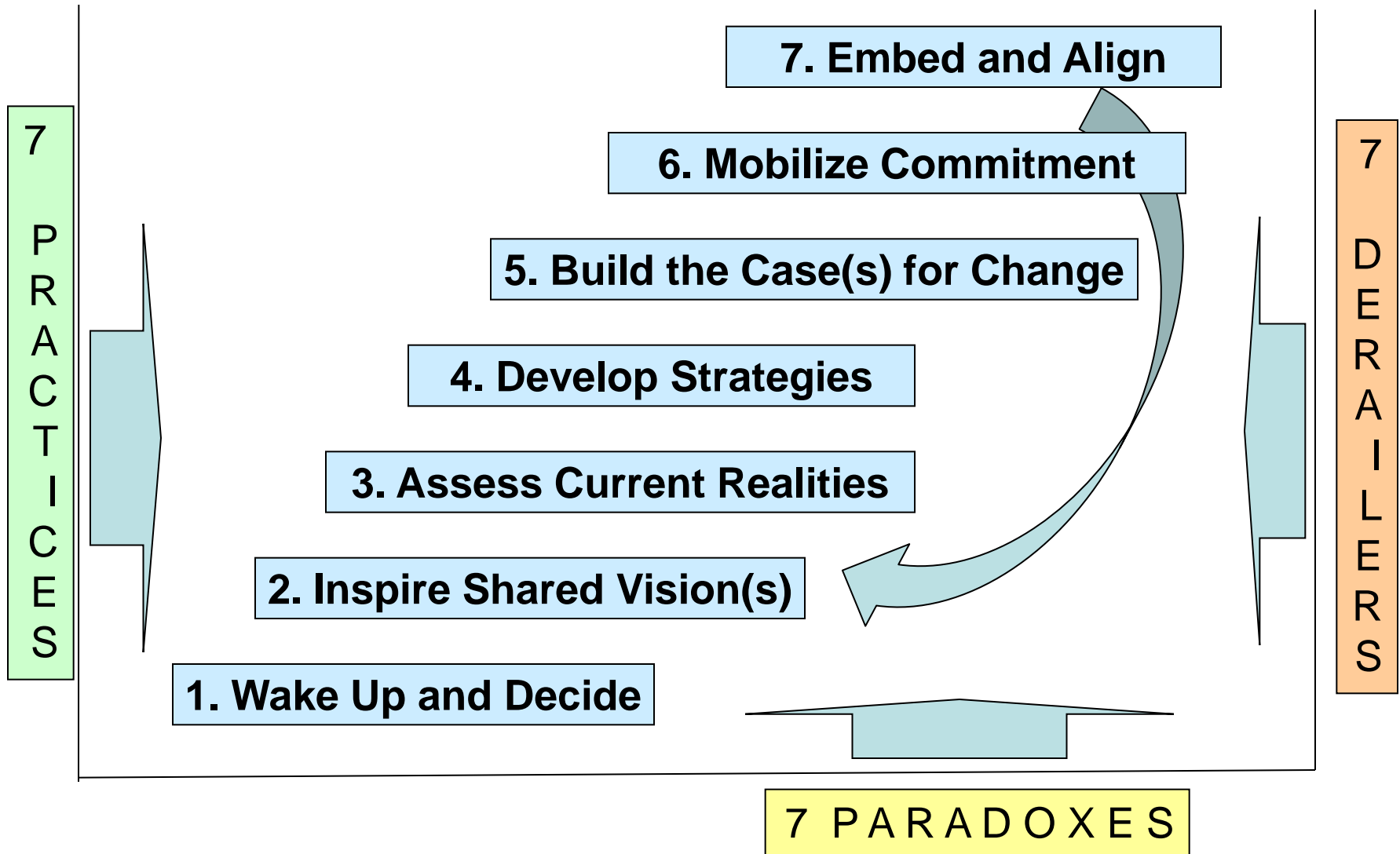
REPUTATION

1. Reduced recruiting costs -1%
2. Reduced attrition costs -2%
3. Increased employee productivity +6%
4. Eco-efficiencies: savings in energy, water, materials, waste handling -10%
5. Increased revenue / market share +5%
6. Lower insurance & borrowing costs -5%

... yielding a profit increase of +66%



7-Step Sustainability Change Process



7 Leadership Practices

Get Credible, Stay Credible

Dialogue

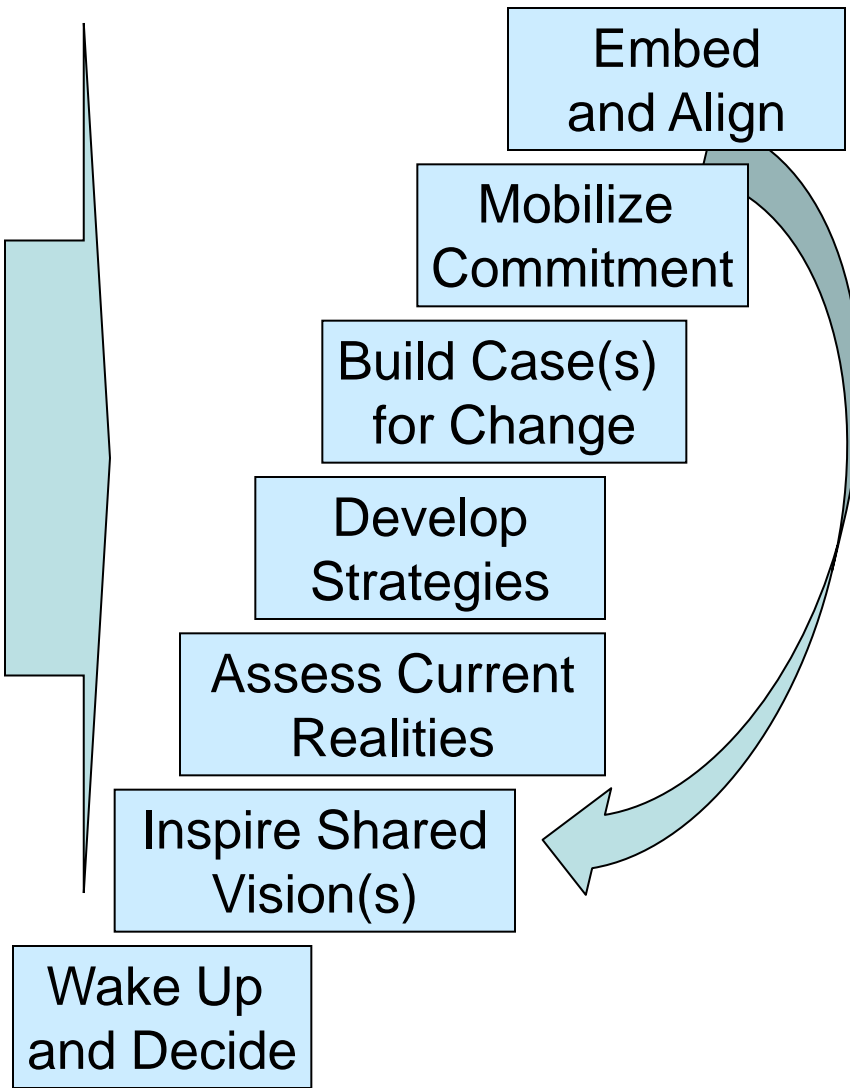
Influence the Influencers

Collaborate, Educate, Network

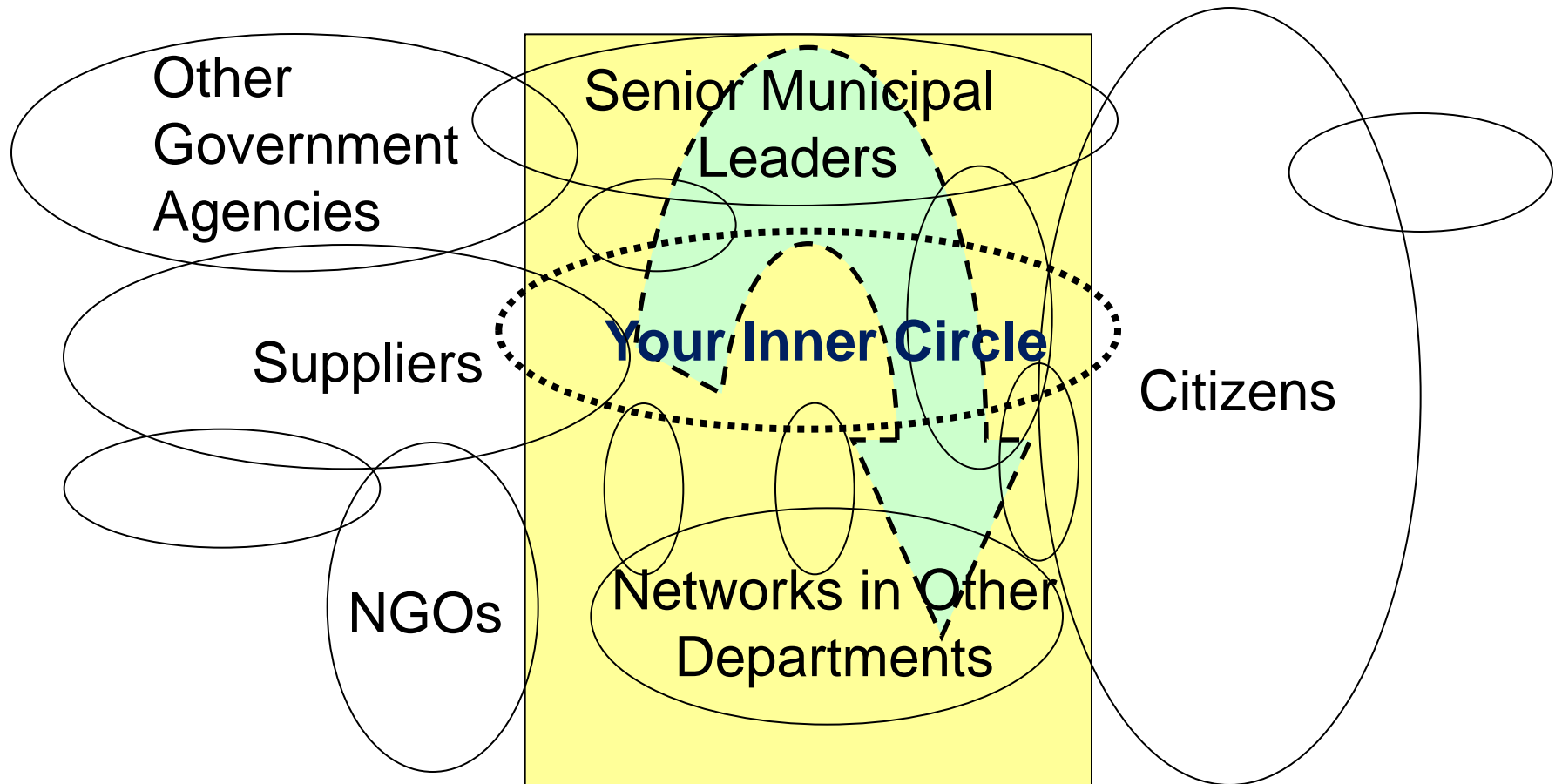
Meet Them Where They Are

Piggyback Existing Initiatives

Practice “Planful Opportunism”



Collaborate, Educate, Network



One More Goal ... or an Enabling Strategy?

Profit

Innovation

Share price

Speed to market

Growth

New markets

Revenue

Talent wars

Customer care

Productivity

Expense savings

Motivation

Competition

Brand image

Market share

Managing risks

Leadership

Compliance

Governance

Supply security



Potential Profit Increase from Integrated Sustainability / CSR Strategies

Large-sized Enterprises
+38%

Small- or Medium-sized Enterprises (SMEs)
+66%

... as a minimum

- + Energized employees
- + Improved corporate image
- + Competitive advantage
- + Positioned for the future



Potential Improvements

REPUTATION

1. Reduced recruiting costs -1%
2. Reduced attrition costs -2%
3. Increased employee productivity +6%
4. Eco-efficiencies: savings in energy, water, materials, waste handling -10%
5. Increased revenue / market share +5%
6. Lower insurance & borrowing costs -5%

... yielding a profit increase of +66%



Potential Improvements - Municipal

REPUTATION

1. Reduced recruiting costs
2. Reduced attrition costs
3. Increased employee productivity
4. Eco-efficiencies: savings in energy, water, materials, waste handling
5. Reduced infrastructure costs / more efficient use of tax revenues
6. Increased public trust & confidence / Increased leverage of social capital / Magnet for companies and citizens

Same as for a business

Huge potential



7 Leadership Practices

Get Credible, Stay Credible

Dialogue

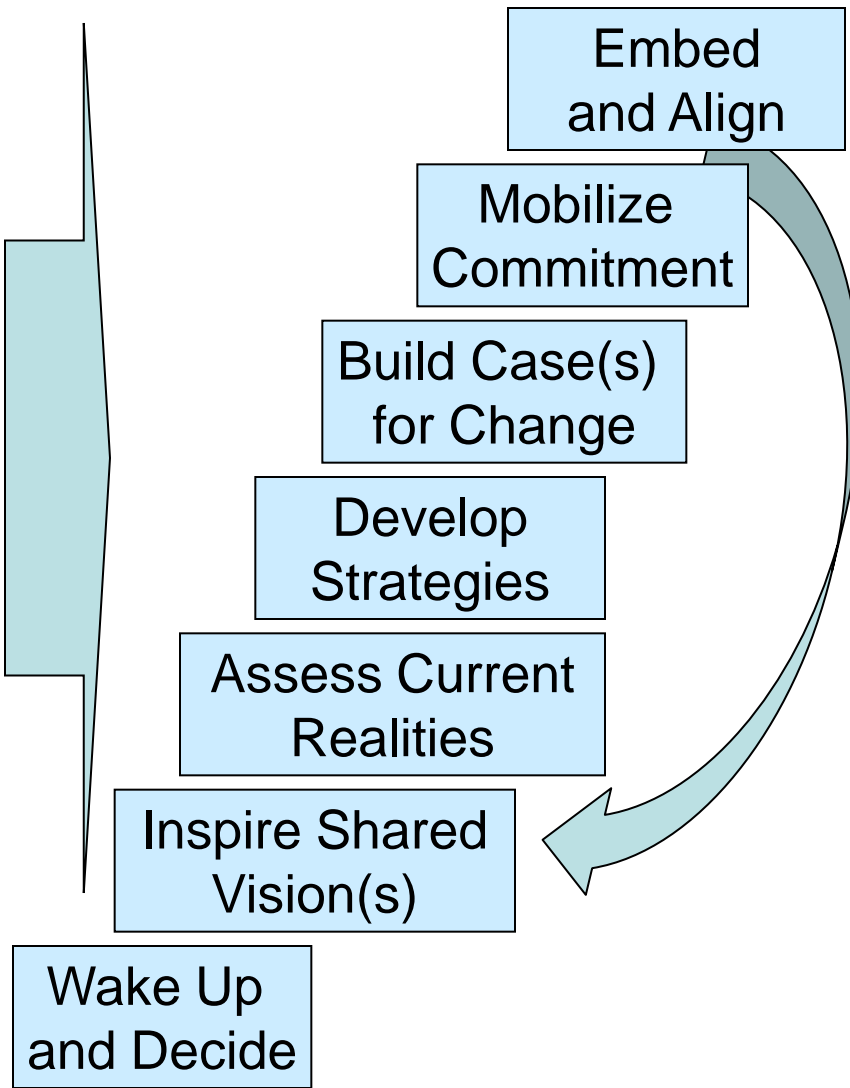
Influence the Influencers

Collaborate, Educate, Network

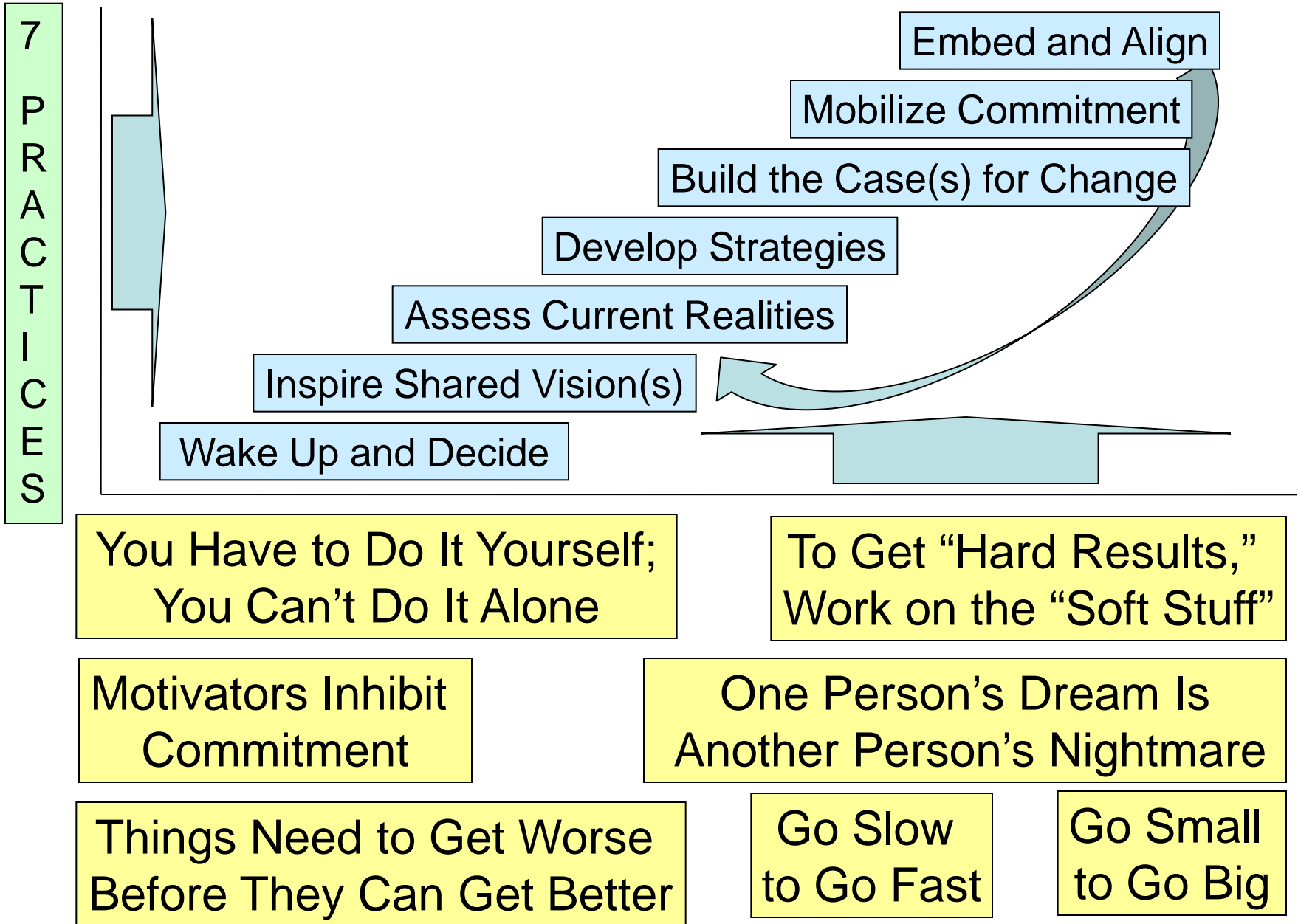
Meet Them Where They Are

Piggyback Existing Initiatives

Practice “Planful Opportunism”



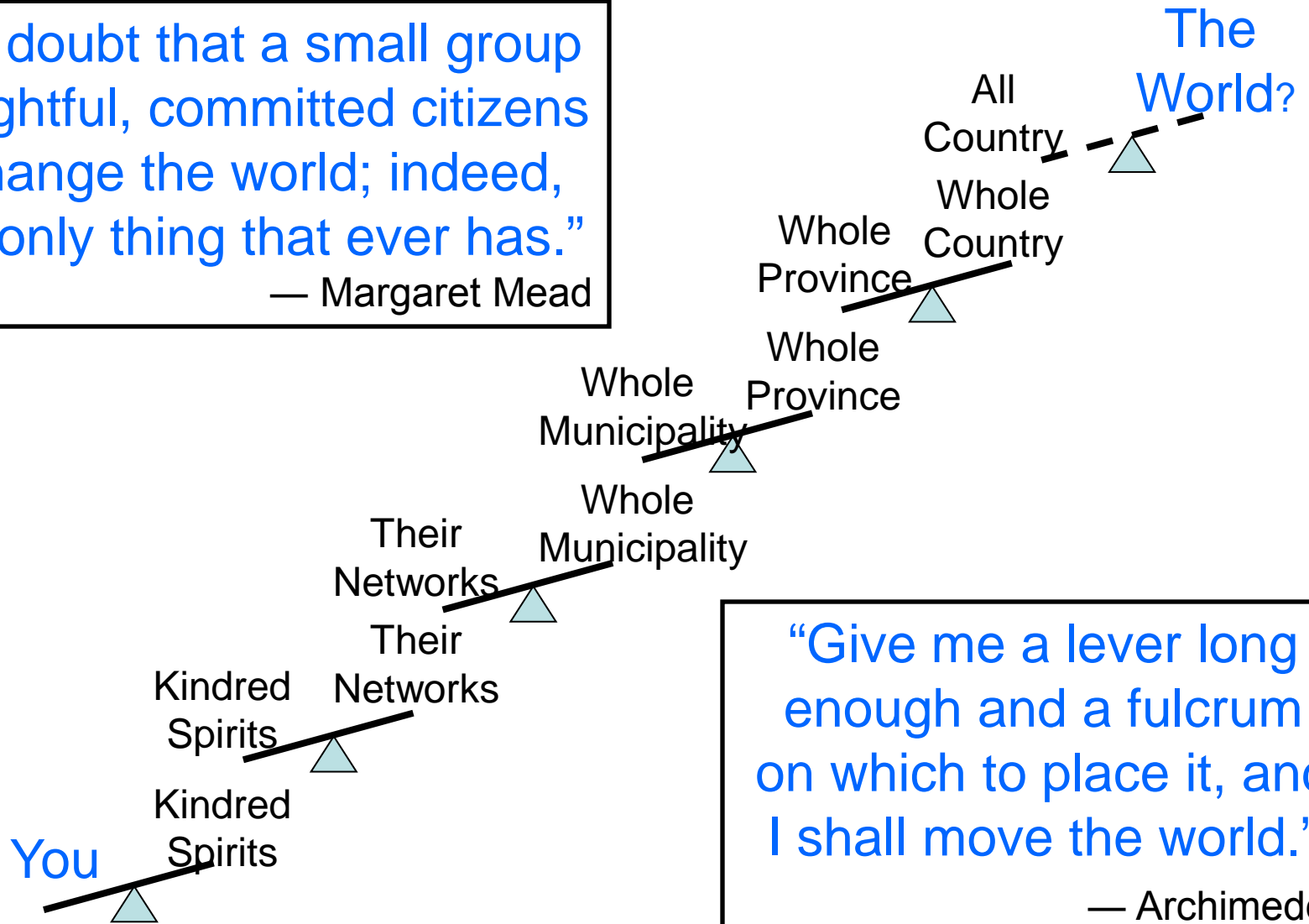
7 Leadership Paradoxes



Do it Yourself; You Can't Do It Alone

“Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has.”

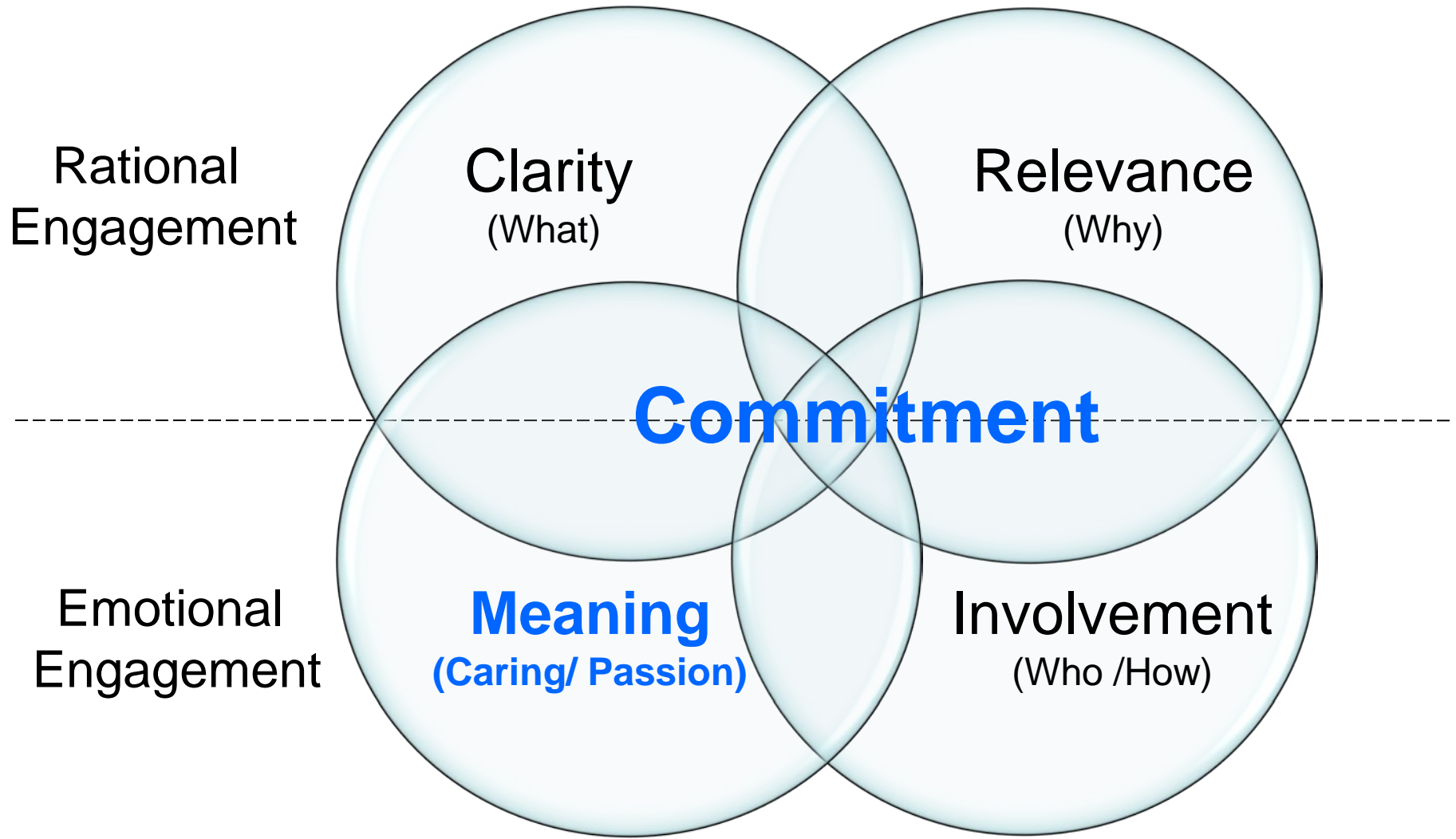
— Margaret Mead



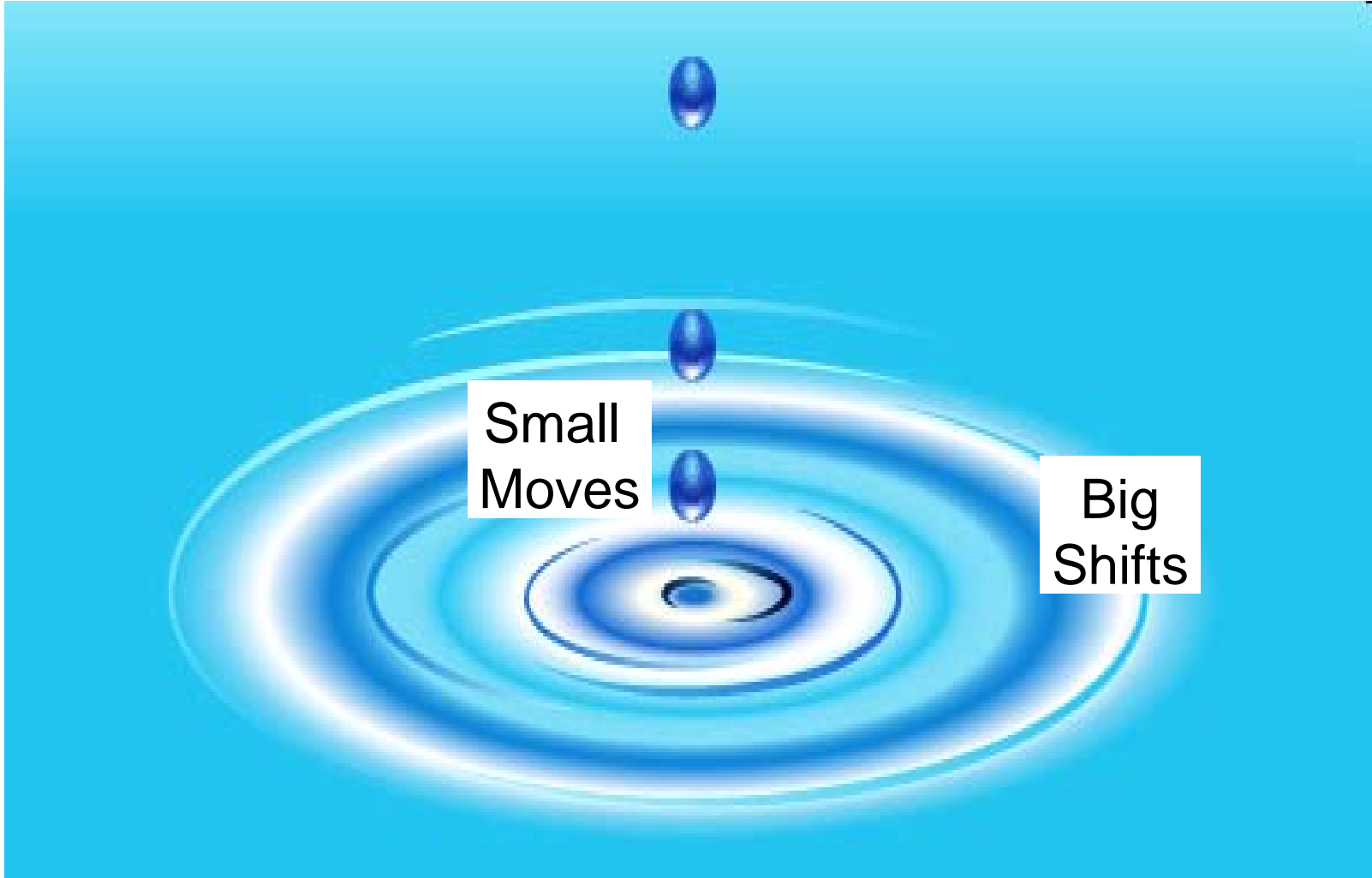
“Give me a lever long enough and a fulcrum on which to place it, and I shall move the world.”

— Archimedes

4 Commitment / Engagement Factors

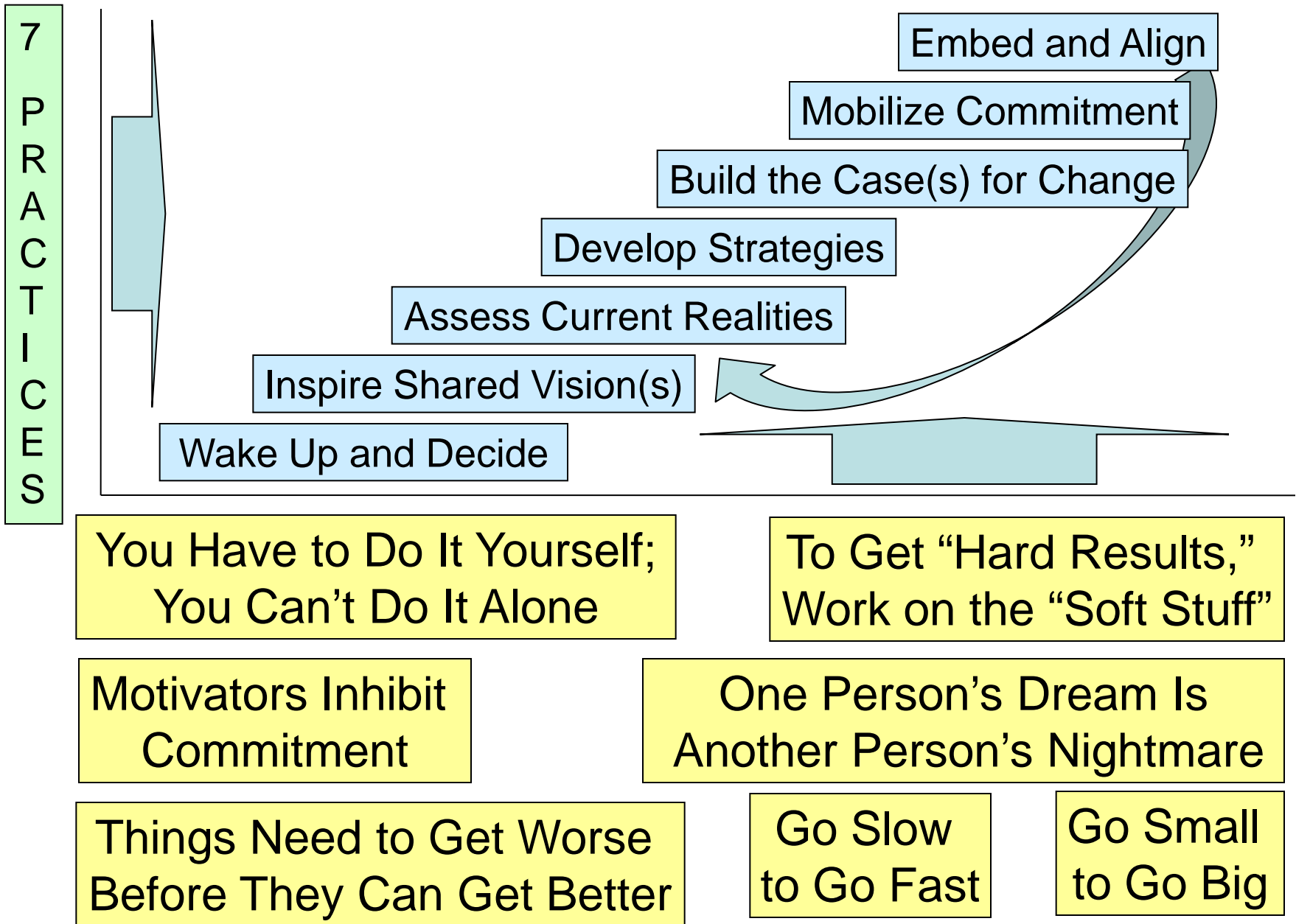


Go Small to Go Big



“You can get away with anything if you call it a pilot”

7 Leadership Paradoxes



7 Potential Derailers

7
P
R
A
C
T
I
C
E
S

Embed and Align

Mobilize Commitment

Build the Case(s) for Change

Develop Strategies

Assess Current Realities

Inspire Shared Vision(s)

Wake Up and Decide

Displaying Hubris

Mishandling Office Politics

Being a "Problem Child"

Failing to Produce Results

Succumbing to Stress

Changing Everything at Once

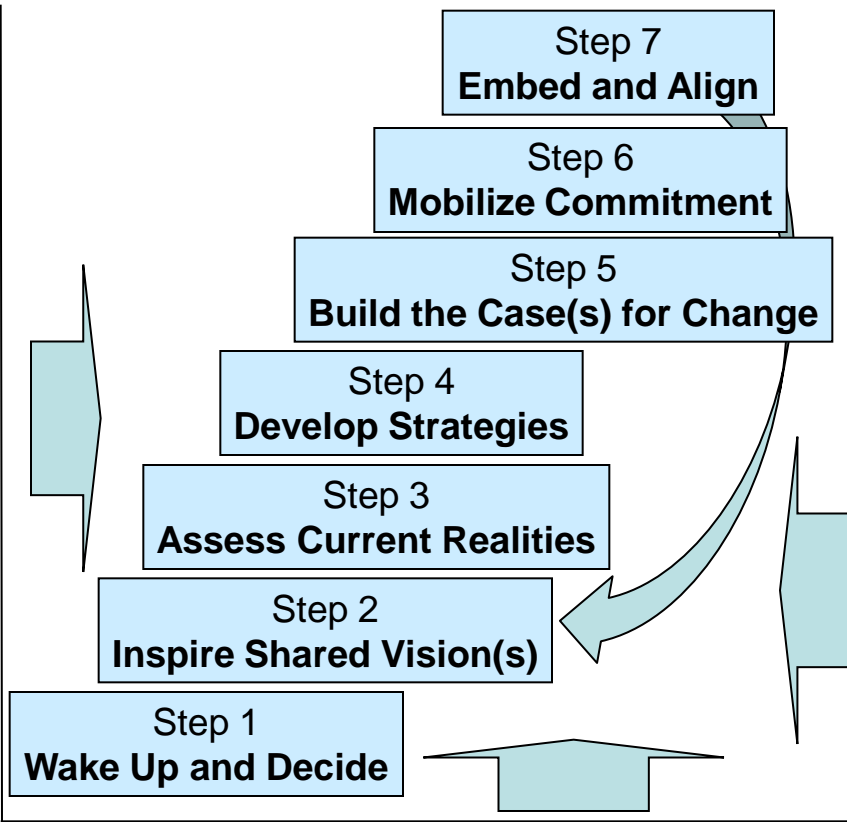
Getting Off to a Bad Start

7 PARADOXES

Sustainability Champion's Guidebook

7
P
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- Get Credible, Stay Credible
- Dialogue
- Collaborate, Educate, Network
- Meet Them Where They Are
- Piggyback Existing Initiatives
- Influence the Influencers
- Practice "Planful Opportunism"



- Displaying Hubris
- Mishandling Office Politics
- Being a "Problem Child"
- Failing to Produce Results
- Succumbing to Stress
- Changing Everything at Once
- Getting Off to a Bad Start

7
D
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You Have to Do It Yourself; You Can't Do It Alone

To Get "Hard Results," Work on the "Soft Stuff"

Motivators Inhibit Commitment

One Person's Dream Is Another Person's Nightmare

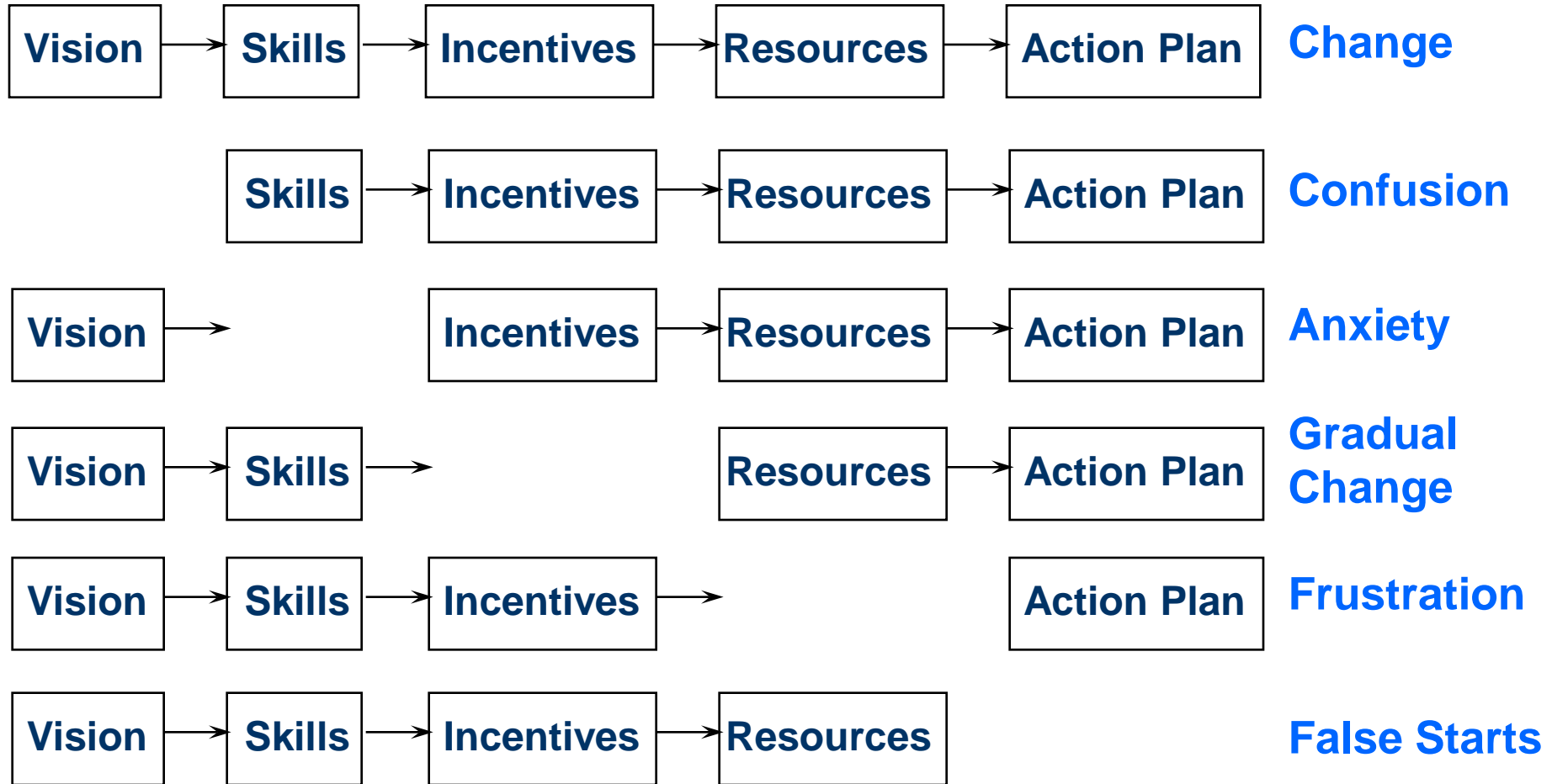
Go Slow to Go Fast

Go Small to Go Big

Things Need to Get Worse Before They Can Get Better

7 PARADOXES

Troubleshooting Complex Change



The New Economy

- **Low-carbon economy** vs. fossil fuel-based economy
- **Local supply chains** vs. global supply chains
- **Services** vs. products
- **“Dematerialization”** vs. physical goods, processes, or travel using “virtual” alternatives like videoconferencing or online shopping
- **Responsible consumption / thrift** vs. over-consumption
- **Low / No-growth model** vs. “grow or die” model
- **New ownership models:** employees, customers, co-ops, social venture funds, government funding
- **New company purposes:** “For-Benefit / B-companies,” “Social enterprises,” “Fourth sector,” “Hybrid organizations”



In Summary ...

Lead it like any culture change

Can protect & enhance organizational value

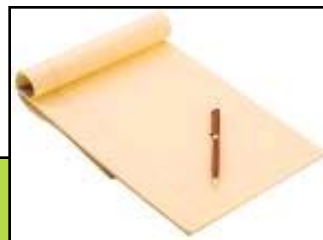
Sustainability is smart business

Relevant to existing business priorities

Important stakeholders' expectations are rising

Many willing, helpful partners and networks

Opportunity for leadership ... by example



Leading the Transformation to a Green Economy



Building Sustainable Cities Kelowna

November 16, 2010

