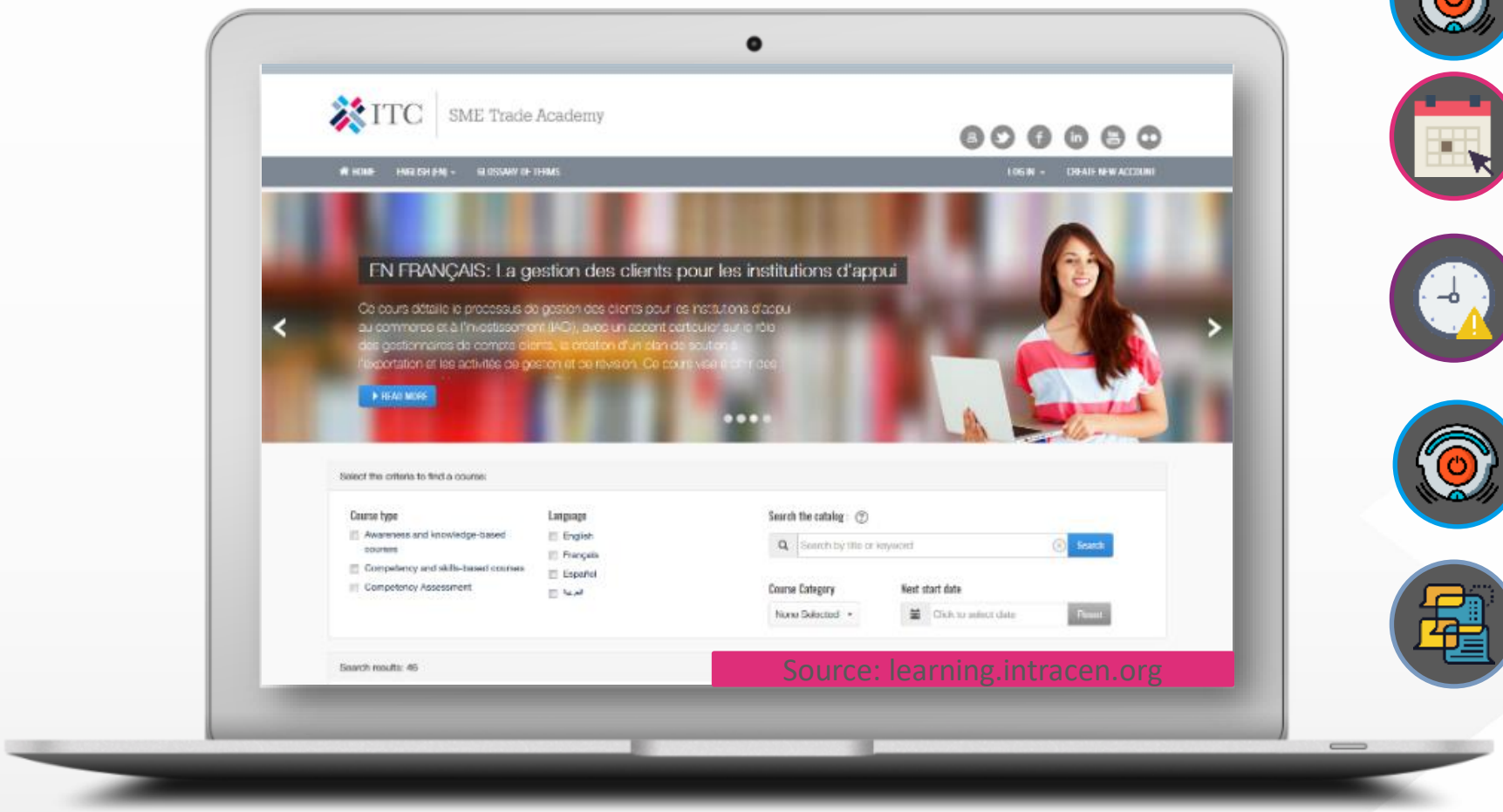
ITC

SME TRADE ACADEMY

Sustainability & CSR

Juan Hoyos
Adviser Sustainable and Inclusive Supply Chains

AGENDA



- Sustainability & CSR
- Environmental Pillar
- Social Pillar
- Governance
- Sustainability Action Plan

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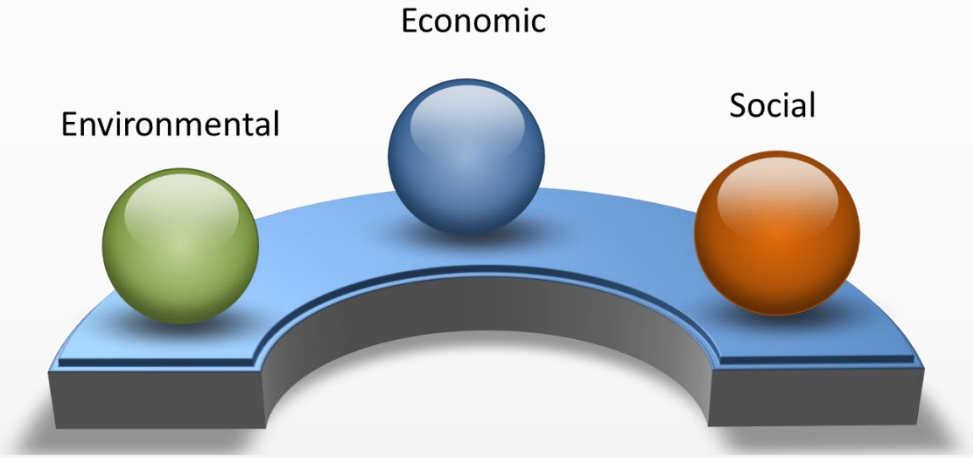
SUSTAINABILITY & CSR

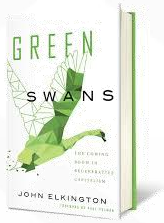
SUSTAINABILITY & CSR

In 1997 John Elkington introduced the well-known, accepted and used triple bottom line concept, where

“Sustainability is equally based in three dimensions: Economic, Environment and Social.”

Nowadays he withdraw his concept and replace it with: Responsibility, Resilience, and Regeneration” *





** Green Swans: The Coming Boom In Regenerative Capitalism by John Elkington*

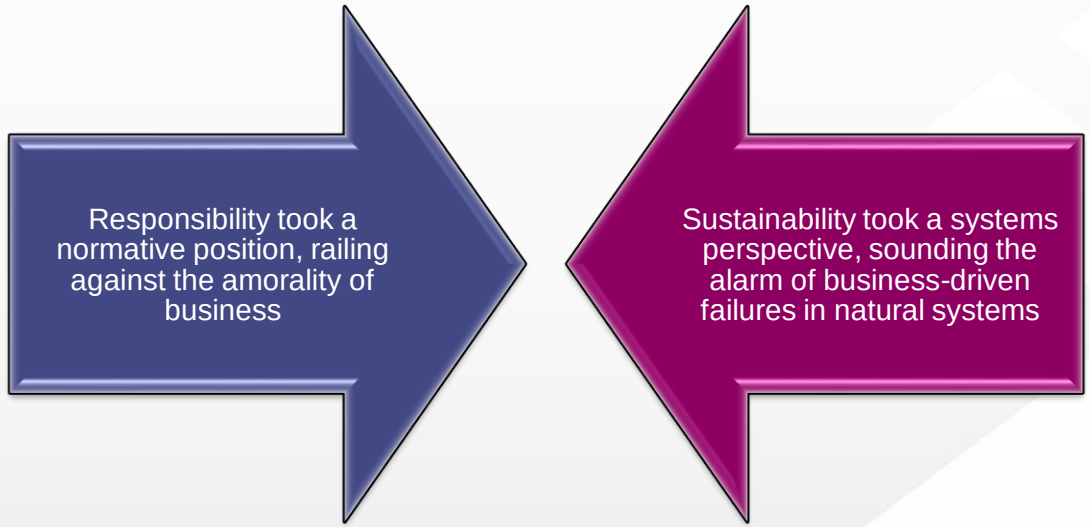
SUSTAINABILITY & CSR

THE DISTINCTIVENESS OF RESPONSIBILITY AND SUSTAINABILITY

Corporate responsibility and sustainability tackle the relationship between business and society

Responsibility and sustainability were historically distinctive but nowadays CSR and social responsibility have been used interchangeably to describe corporate sustainability

CSR, in broad summary, is the ethical behavior of a company towards society



Sustainability was originally viewed in terms of preserving the earth's resources

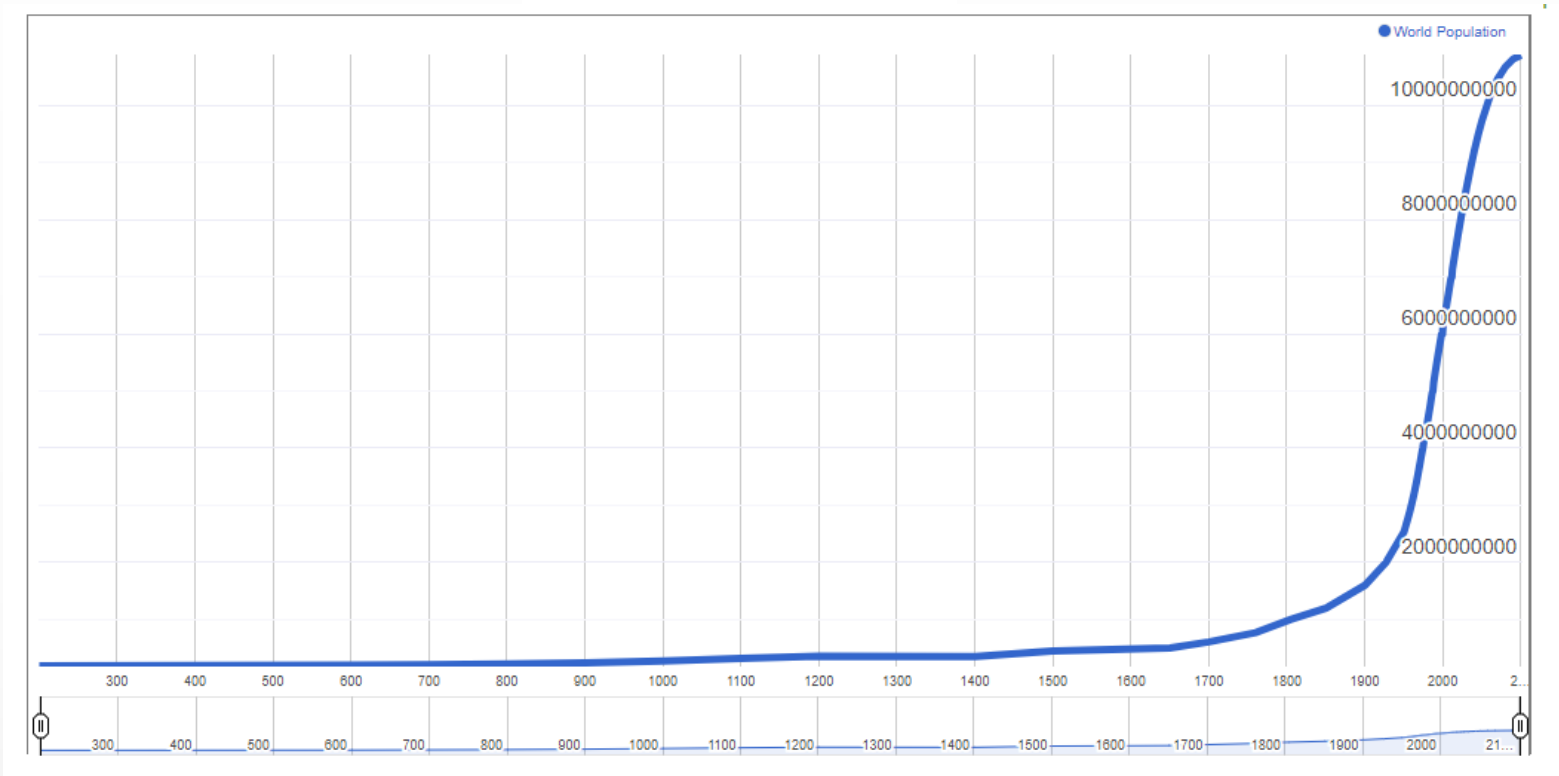
SUSTAINABILITY & CSR

Current World Population

7,980,718,000

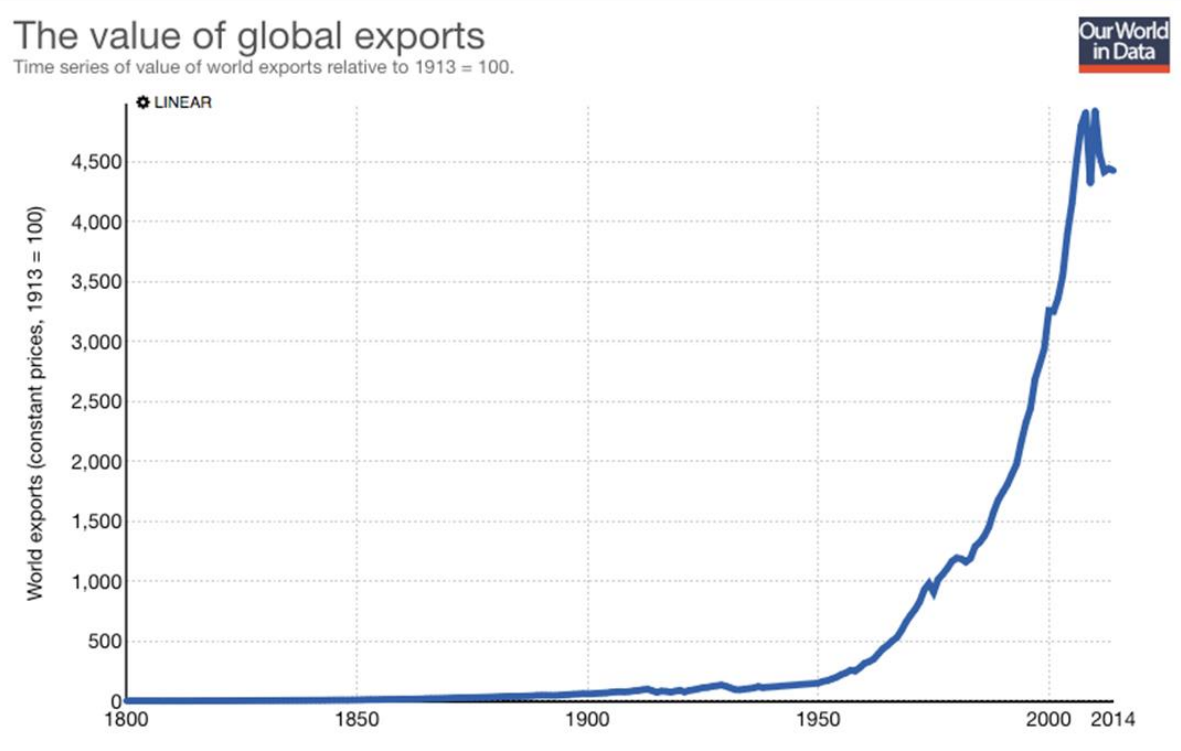
By 041310/2022

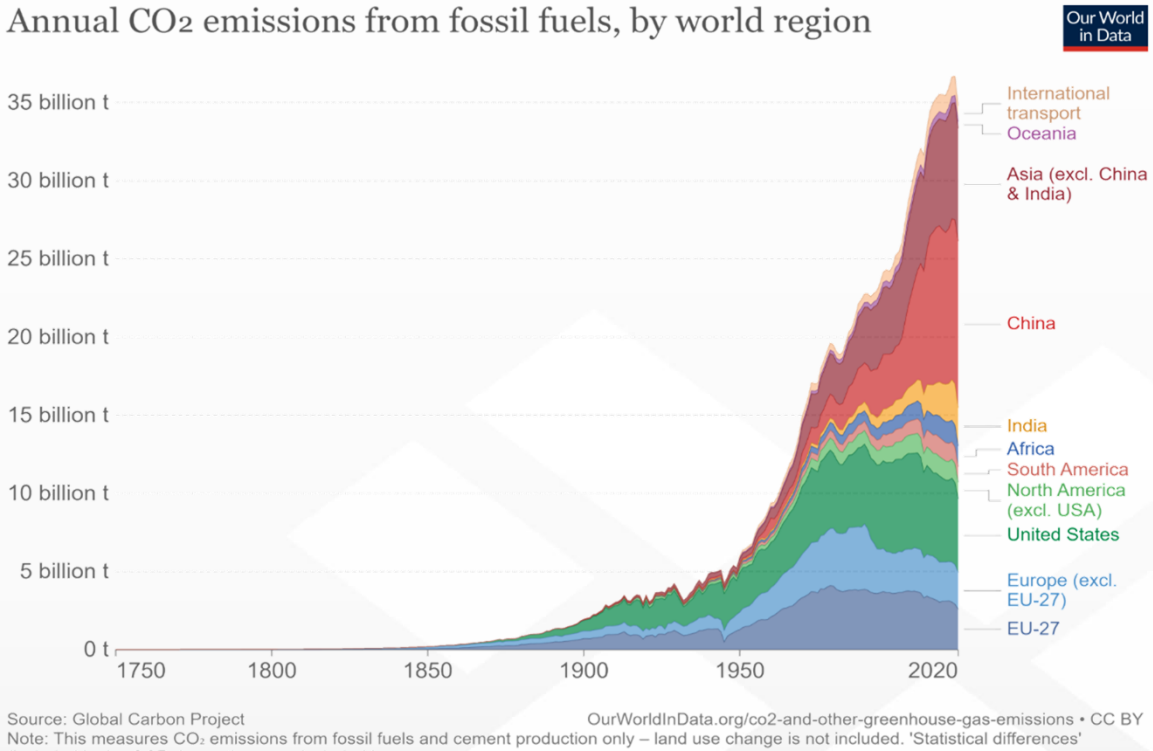
worldometer



https://www.worldometers.info/world-population/

SUSTAINABILITY & CSR





SUSTAINABILITY & SDGs

SDG Structure

GOAL 1: No Poverty
GOAL 2: Zero Hunger
GOAL 3: Good Health and Well-being
GOAL 4: Quality Education
GOAL 5: Gender Equality
GOAL 6: Clean Water and Sanitation
GOAL 7: Affordable and Clean Energy
GOAL 8: Decent Work and Economic Growth
GOAL 9: Industry, Innovation and Infrastructure
GOAL 10: Reduced Inequality
GOAL 11: Sustainable Cities and Communities
GOAL 12: Responsible Consumption and Production
GOAL 13: Climate Action
GOAL 14: Life Below Water
GOAL 15: Life on Land
GOAL 16: Peace and Justice Strong Institutions
GOAL 17: Partnerships to achieve the Goal

SUSTAINABILITY & SDGs

SDG to be impacted

GOAL 1: No Poverty
GOAL 2: Zero Hunger
GOAL 3: Good Health and Well-being
GOAL 4: Quality Education
GOAL 5: Gender Equality
GOAL 6: Clean Water and Sanitation
GOAL 7: Affordable and Clean Energy
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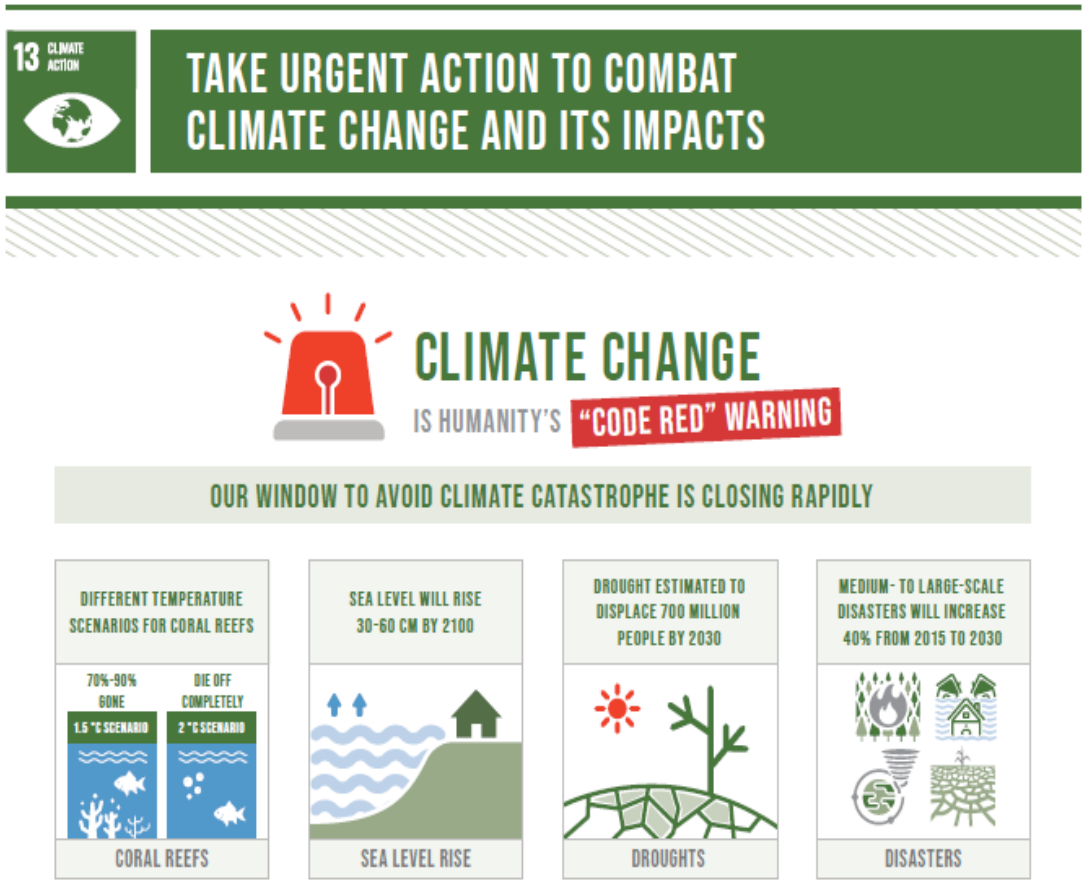
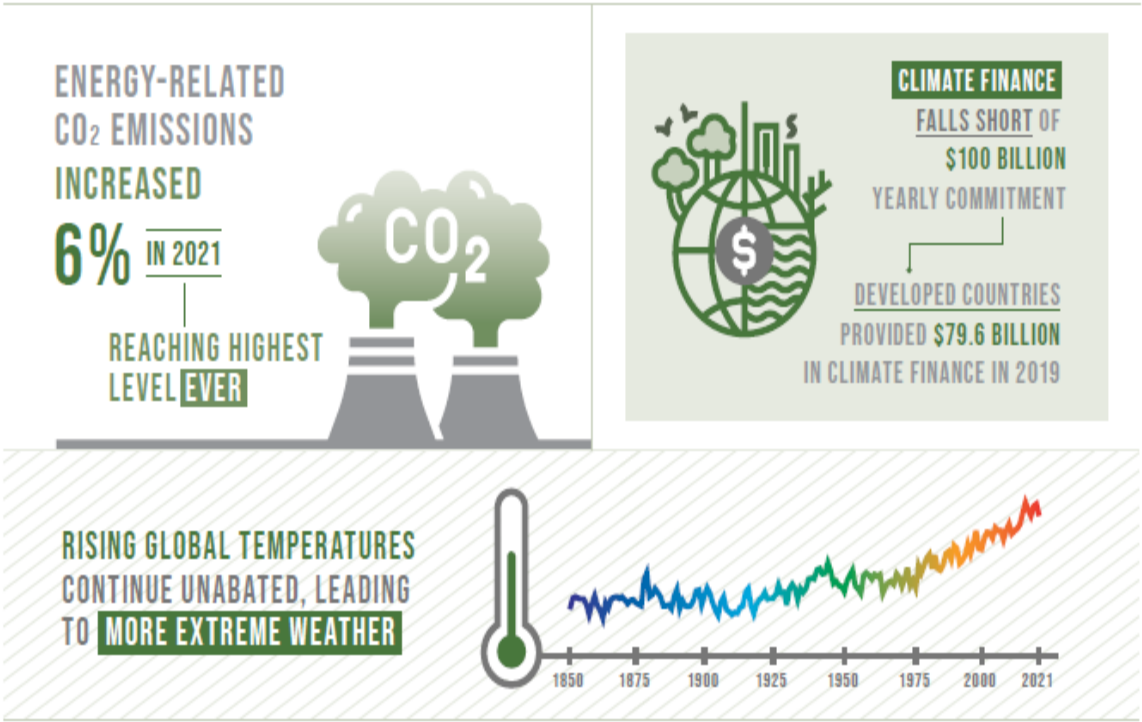
SUSTAINABILITY & SDGs



The-Sustainable-Development-Goals-Report-2022

https://unstats.un.org/sdgs/report/2022/



SUSTAINABILITY & SDGs

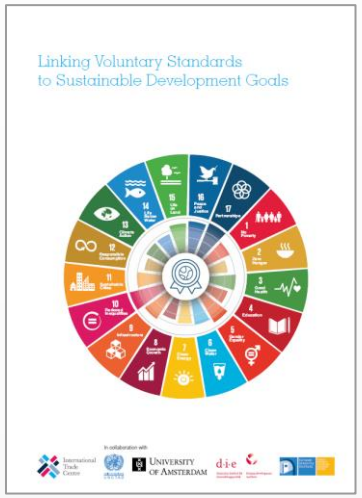
Goal 13. Take urgent action to combat climate change and its impacts

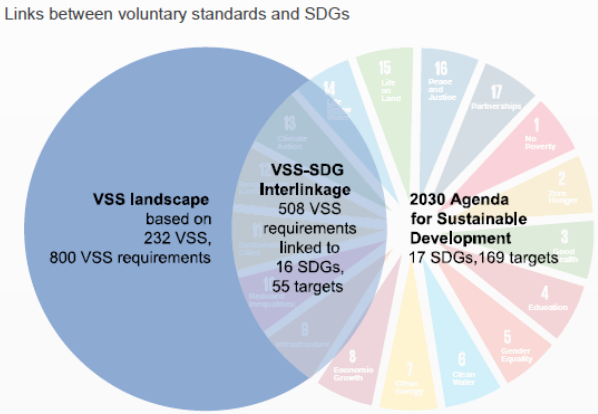
Goals and targets (from the 2030 Agenda)	*Indicators*
13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	13.1.1 Number of countries with national and local disaster risk reduction strategies
	13.1.2 Number of deaths, missing persons and persons affected by disaster per 100,000 people
13.2 Integrate climate change measures into national policies, strategies and planning	13.2.1 Number of countries that have communicated the establishment or operationalization of an integrated policy/strategy/plan which increases their ability to adapt to the adverse impacts of climate change, and foster climate resilience and low greenhouse gas emissions development in a manner that does not threaten food production (including a national adaptation plan, nationally determined contribution, national communication, biennial update report or other)
13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	13.3.1 Number of countries that have integrated mitigation, adaptation, impact reduction and early warning into primary, secondary and tertiary curricula
	13.3.2 Number of countries that have communicated the strengthening of institutional, systemic and individual capacity-building to implement adaptation, mitigation and technology transfer, and development actions
13.a Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly $100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible	13.a.1 Mobilized amount of United States dollars per year starting in 2020 accountable towards the $100 billion commitment
13.b Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities	13.b.1 Number of least developed countries and small island developing States that are receiving specialized support, and amount of support, including finance, technology and capacity-building, for mechanisms for raising capacities for effective climate change-related planning and management, including focusing on women, youth and local and marginalized communities

https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf

SUSTAINABILITY & SDGs

Voluntary Sustainability Standards (VSS)
Vs.
Sustainable Development Goals (SDGs)





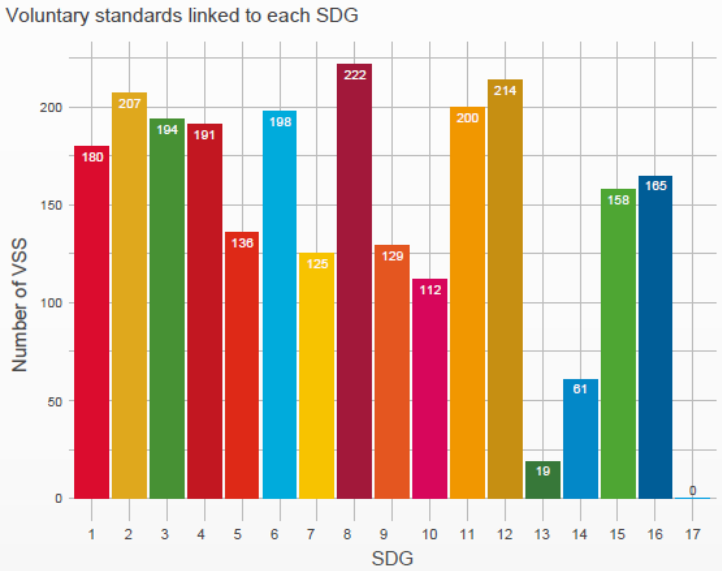
Using original data, the report tracks the extent to which sustainable practices promoted by voluntary standards align with the SDGs.

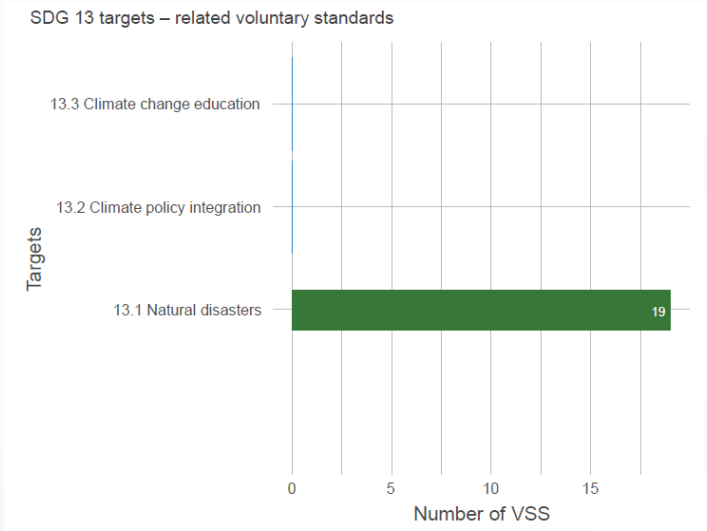
This innovative research provides a clear picture of how the private sector can work towards the SDG targets by adopting voluntary sustainability standards.

https://www.intracen.org/publication/Sustainable-Development/

SUSTAINABILITY & SDGs

Voluntary Sustainability Standards (VSS)
Vs.
Sustainable Development Goals (SDGs)





Mapping of 232 private VSS and examines how the content of these standards corresponds to the 17 SDGs and the 169 targets they contain.

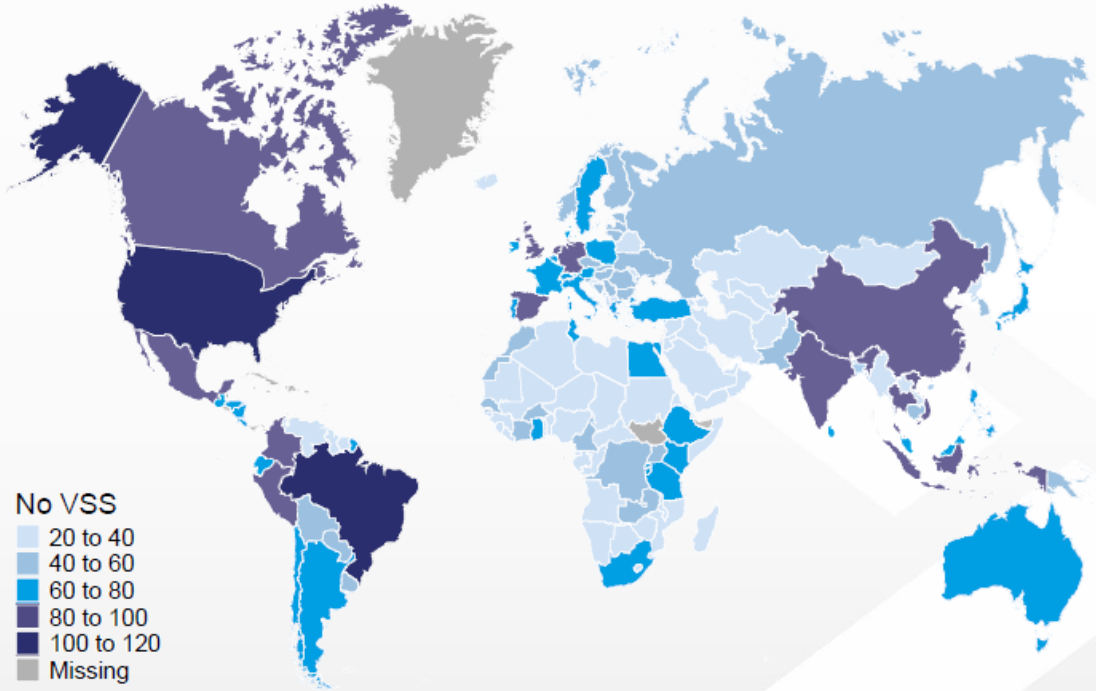
Source: ITC, UNCTAD, EUI, UvA, DIE.

SUSTAINABILITY & SDGs

Voluntary Sustainability Standards (VSS)
Vs.
Sustainable Development Goals (SDGs)

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

VSS that have an active presence in a given country



VSS with links to SDG 8, by country

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ENVIRONMENTAL

ENVIRONMENTAL SUSTANABILITY

Is the ability of a business to continue doing what it is doing indefinitely, without exhausting or degrading natural resources and inhibiting future generations from meeting their needs.

Consider your business's capacity to:

- endure
- be resilient in the long term
- create long term value

From ***HARM*** *to* ***NO HARM*** *to* ***DO GOOD***

ENVIRONMENTAL SUSTANABILITY

Business activities, including business activities conducted by SMEs, can harmfully impact the environment through a variety of ways related to the air, water or land:

- **Air**: Burning fossil fuels for heat or energy can impact local air quality and contribute to the greenhouse effect.
- **Water**: Diverting water sources from their natural flow for industrial use can lower water tables and make rivers run dry, while polluted water emissions can be ingested by both humans and wildlife.
- **Land**: Deforestation, desertification, and land degradation can affect local communities' food security, disrupt microclimates, and contribute to global warming. The use of forestry inputs such as wood, paper, or charcoal can damage forests, leading to the loss of habitats, erosion, or changes in rainfall, while unsustainable agricultural practices can deplete the soil of nutrients or lead to erosion.

ENVIRONMENTAL SUSTANABILITY

Environmental impacts along the supply chain

ENVIRONMENTAL SUSTANABILITY

Impacts of Climate Change

- Polar ice shields are melting, water is warming up and expanding
- Sea levels are rising, resulting in flooding and erosion of coastal and low-lying areas
- Heavy rain, extreme heat waves and droughts and other extreme weather events are becoming more frequent
- floods and decreasing water quality, but also decreasing availability of water resources
- These impacts are expected to intensify in the coming decades

CNN

September 30th - 2022

https://edition.cnn.com/2022/09/29/weather/hurricane-ian-florida-path-thursday/index.html

ENVIRONMENTAL SUSTANABILITY

Life cycle analysis (LCA)

Life cycle analysis (LCA) helps companies analyze the life cycle of its products and the environmental impact it has. Especially in terms of using fossil fuel use, emission of greenhouse gases etc.

It is important consider the risks in your current operations, and whether the cost may be higher than direct benefits.

Performing an LCA thus involves both:

- Looking back to the mining, manufacture, growing or harvesting of a product's components,
- Looking forward to its use by consumers.

LCA for Tropicana

most carbon-intensive part was the production of fertilizer – Reducing the product carbon footprint by up to 15%

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SOCIAL

SOCIAL SUSTANABILITY

Practice falls short of theory

Slave or child labour

Wage gap

Discrimination

- *Gender*
- *Religion*
- *Ethnic group*
- *Sexual Orientation*

Lack of freedom o association

Unsafe working conditions

The minute a company uncovers that its supply chain is compromised in this manner, it faces the possibility of a complete overhaul. That's expensive and could create production delays.

SOCIAL SUSTANABILITY

Samples of the negative impact of enterprises on society

Forced Labour

- According to the International Labour Organization (ILO), 49.6 million people were living in modern slavery in 2021, of which 27.6 million were in forced labour and 22 million in forced marriage

Gender Inequality

- Women represented 38.8% of all participants in the labor force.
- Research findings show women reinvest 90% of their income into their families and communities

Income Inequality

- The 26 richest people on earth in 2018 had the same net worth as the poorest half of the world's population, some 3.8 billion people
- Income inequality entails inequality of opportunity and extends to gender, ethnicity, disability and age, among others

Worker Safety

- The ILO estimates that some 2.3 million women and men around the world succumb to work-related accidents or diseases every year; this corresponds to over 6000 deaths every single day

Customer Safety

- In 2008, more than 54,000 babies were hospitalized in China after being fed milk and infant formula adulterated with melamine. Six infants died from kidney stones and other kidney damage

SOCIAL SUSTANABILITY

According to the Global Reporting Initiative (GRI):

"The social dimension of sustainability concerns the impacts which an organization has on the social systems within which it operates."

Social sustainability adoption in the supply chain is paramount important to production economies as it results in reduced:

- *health and safety cost,*
- *lower labor cost,*
- *better product quality and shorter lead-times and*
- *enhanced reputation*

SOCIAL SUSTANABILITY

The four categories of social sustainability

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GOVERNANCE

GOVERNANCE

Sustainability has largely been focused on the organization of the firm level

Business ethics often takes the view at the individual level

Both of them are trying to describe how we can get to a better place

From a business ethics perspective, a sustainable enterprise needs to deal with all of its stakeholders with a long-term view

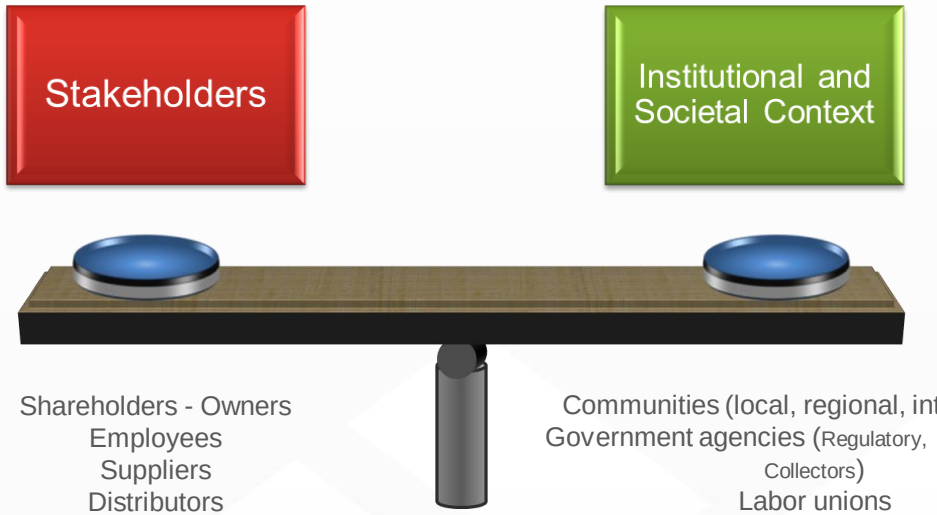
GOVERNANCE

Definition

Corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled.

Governance for sustainability

Implementing transformations to the governance of corporations with the provision of voice to stakeholders other than shareholders



Balancing the interests of a company's many stakeholders

GOVERNANCE

Drivers

- Corporate governance plays an important role in translating discussions of CSRs into serious changes in firm decision-making
- Some countries like France or Switzerland are starting to think about laws to regulate firms' multinational responsibility.
- The higher the level of engagement of stakeholders, the higher the likelihood that a company would be able to create value for its stakeholders
- **In High Sustainability companies, boards of directors are more likely to be formally responsible for sustainability and top executive compensation incentives are more likely to be a function of sustainability metrics, and to exhibit higher measurement and disclosure of nonfinancial information
- * Investors are using sustainability-related data as a rationale for investment decisions like never before
- *A growing number of investors are paying attention to ESG performance, as evidence mounts that sustainability-related activities are material to the financial success of a company over time

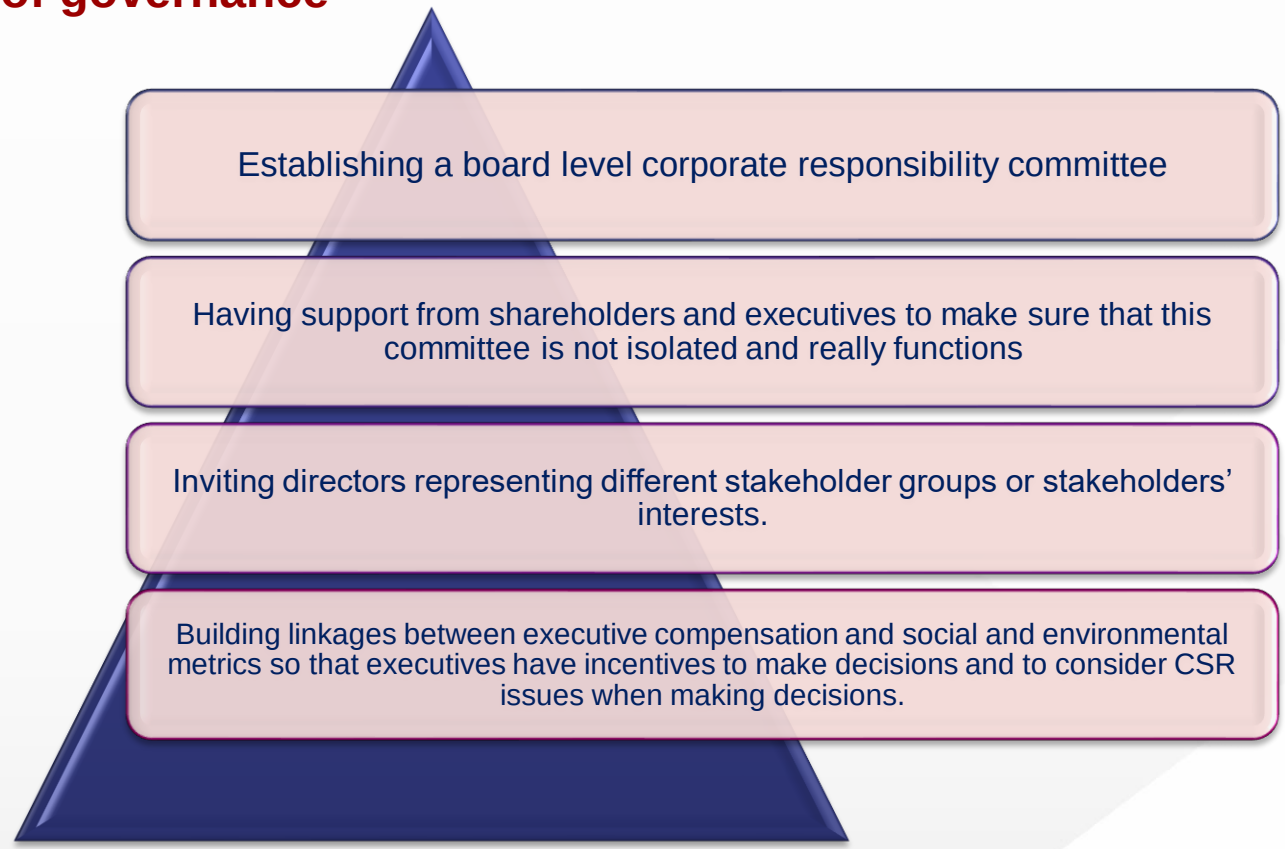
Sources:

*"INVESTING FOR A SUSTAINABLE FUTURE" MIT Sloan. https://sloanreview.mit.edu/projects/investing-for-a-sustainable-future

** *Eccles, R. G., Ioannou, I., & Serafeim, G. (2014). The impact of corporate sustainability on organizational processes and performance. Management science, 60(11), 2835-2857.*

GOVERNANCE

Some good practices of governance



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Sustainability Action Plan

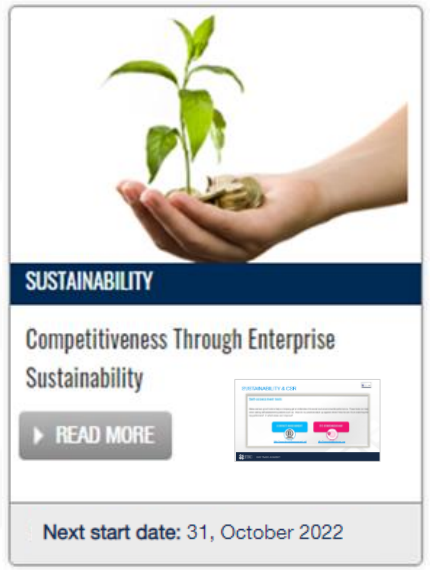
SUSTAINABILITY ACTION PLAN

Developing a Sustainability Action Plan

SUSTAINABILITY ACTION PLAN

Complete a Self-Assessment

- Assemble a planning team
- Research specific best practices for the industry, region, and circumstances
- Document current practices
- Identify the organization's environmental, social, and economic impacts and risks



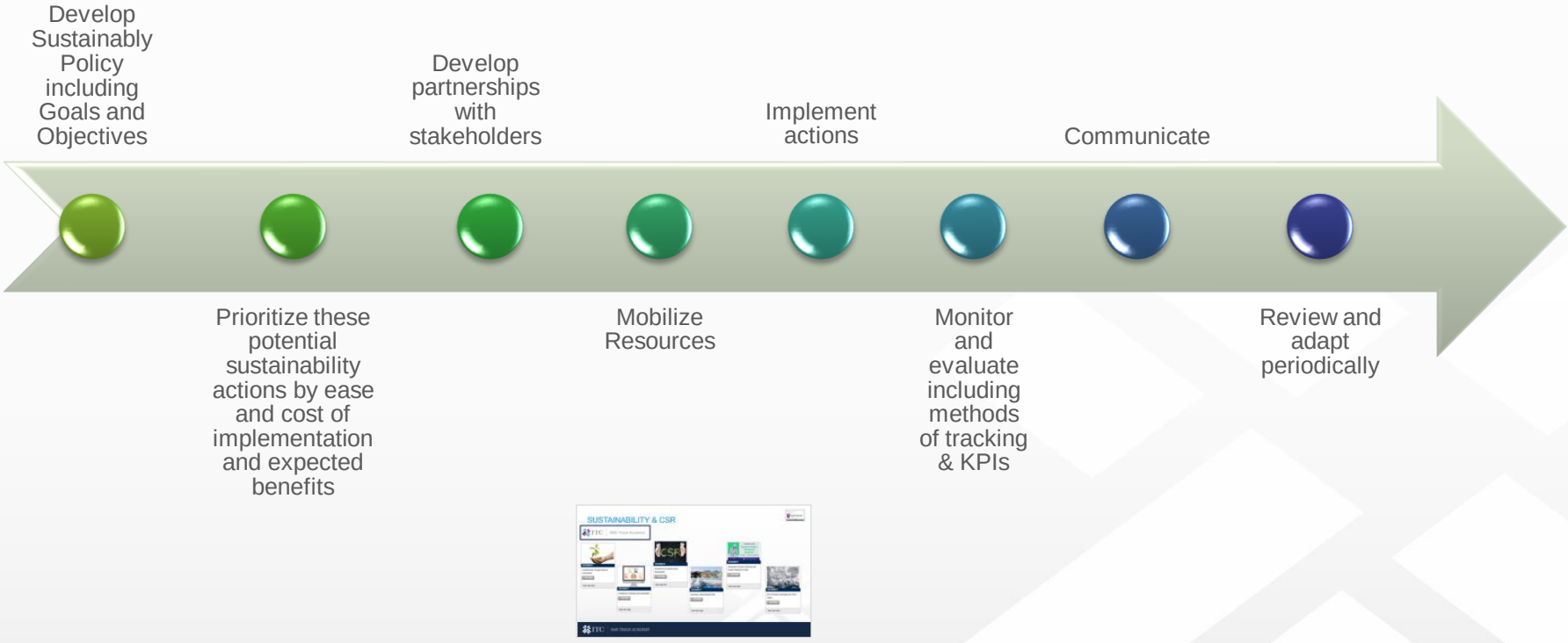
SUSTAINABILITY ACTION PLAN

Identify Potential Actions

- Identify opportunities to leverage sustainability and improve competitiveness
- Research and identify potential stakeholders
- Develop a list of potential sustainability actions
- Analyze programme resources: Financial, human, information, tools, etc.

SUSTAINABILITY ACTION PLAN

Prioritize and Create an Action Timeline



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Invitation to a Mindset Change

Invitation to a Mindset Change

Transitioning to sustainability we are witnessing and will continue seeing:

- A technological change driving sustainability, delivering the change in businesses, the change in product definitions, and change in services.
- Organizational norms having to change rapidly, become more flexible, agile, and, depending on the needs of the region or the business, taking different forms.
- Collaborations becoming critically important across multiple stakeholders to drive the change. Rather than competition, collaboration will be the key word.
- Equitable workforce development having more and more importance all around the world to bring justice and equality of labor and division of wealth across the nations.

Transition requires really a shift in the mindset of managers, particularly senior executives, but also going down the entire organization

Sustainability & CSR

From stakeholders to shareholders prosperity

Q & A

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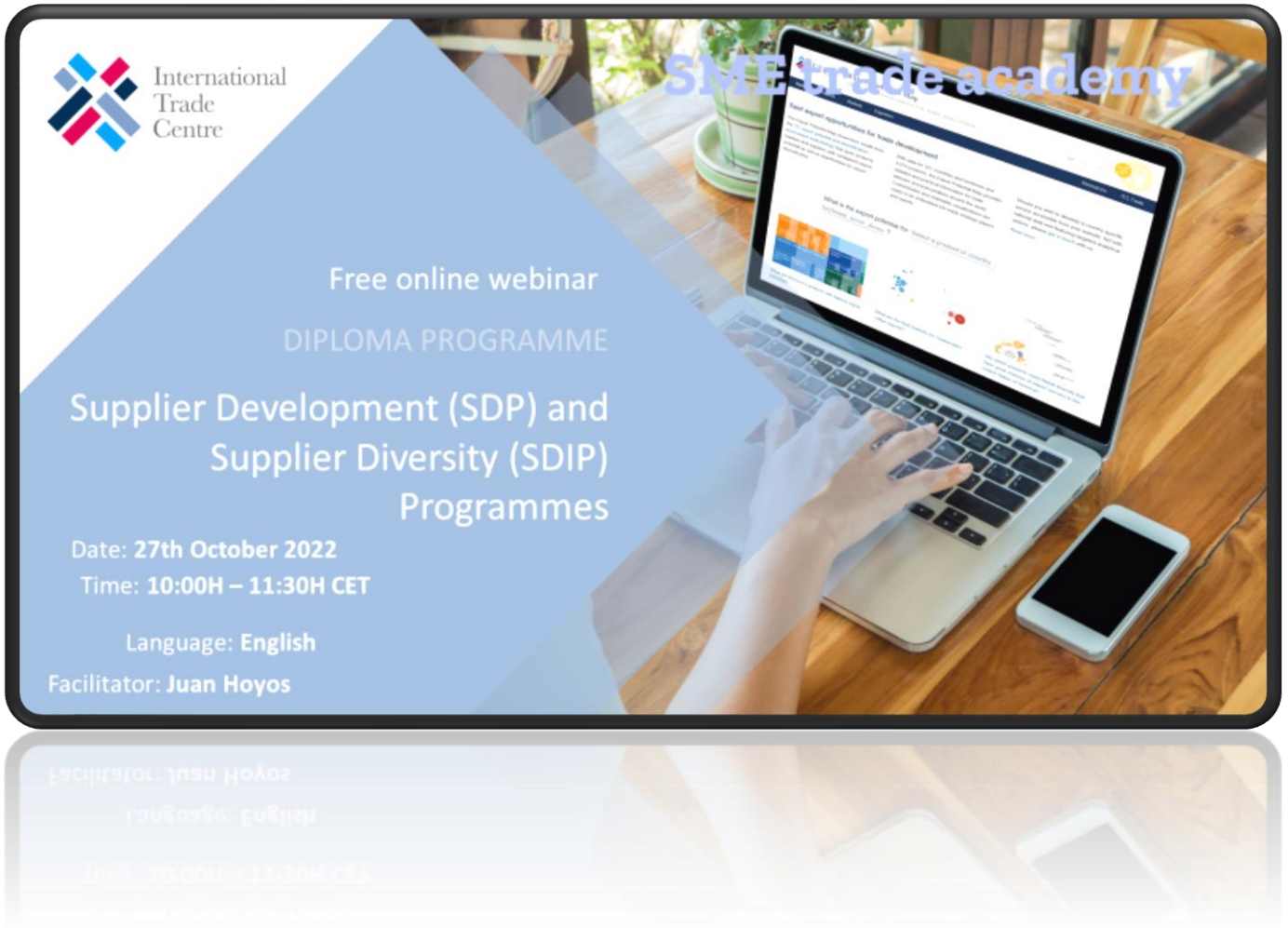
Next Webinar




спасибо
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धन्यवाद
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OBRIGADO

SUSTAINABILITY & CSR

Overview of Performance Measurement and Management Tools in SSCM

	Environmental	Economic	Social	Integrative
Instrument	Life cycle assessment (LCA) Eco-audit Environmental benchmarking Environmental reporting	Cost-benefit analysis Economic input-output analysis Financial reporting Risk analysis	Social LCA Social audit Social benchmarking Stakeholder dialogue Social reporting	Sustainability audit Sustainability benchmarking Sustainability reporting
Concept	Design for the environment	SCOR framework	Corporate citizenship	Sustainability balanced scorecard (SBSC)
System	Environmental management system (EMS)	Quality management system (QMS)	Social management system (SMS) Occupational health and safety system (OHS)	Integrated management system
Standard (corresponding tool)	ISO 14001 (EMS) EMAS (EMS) ISO 14040 (LCA) ISO 14064	ISO 9001 (QMS)	SA 8000 (SMS) OHSAS 18001 (OHS) ISO 26000 B Impact Assessment	Global reporting initiative (Report) UN Global Compact

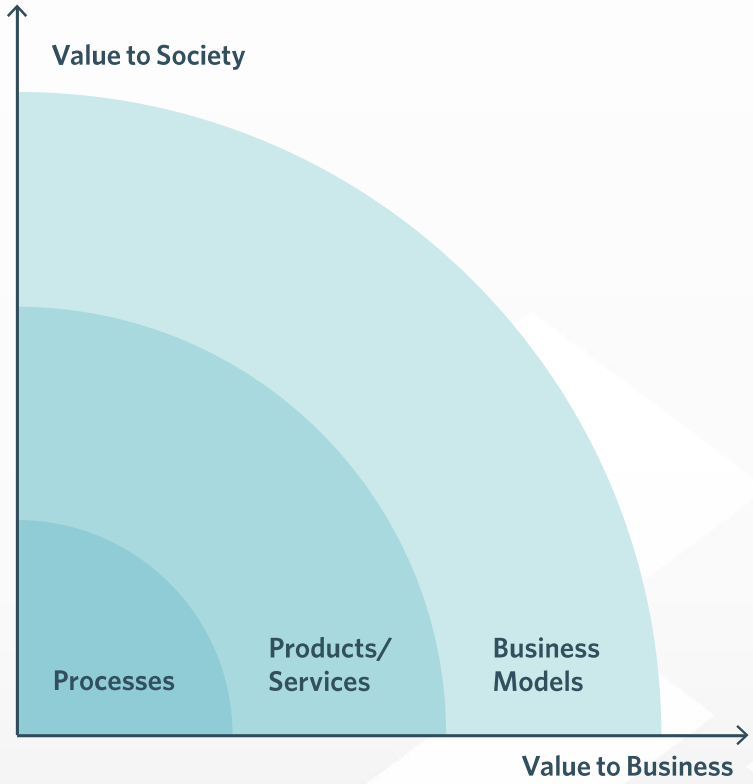
Adapted from: Beske-Janssen, Philip, Matthew Phillip Johnson, and Stefan Schaltegger. "20 years of performance measurement in sustainable supply chain management–what has been achieved?." Supply chain management: An international Journal (2015)..

ENVIRONMENTAL SUSTANABILITY

The Cambridge Value Mapping Tool

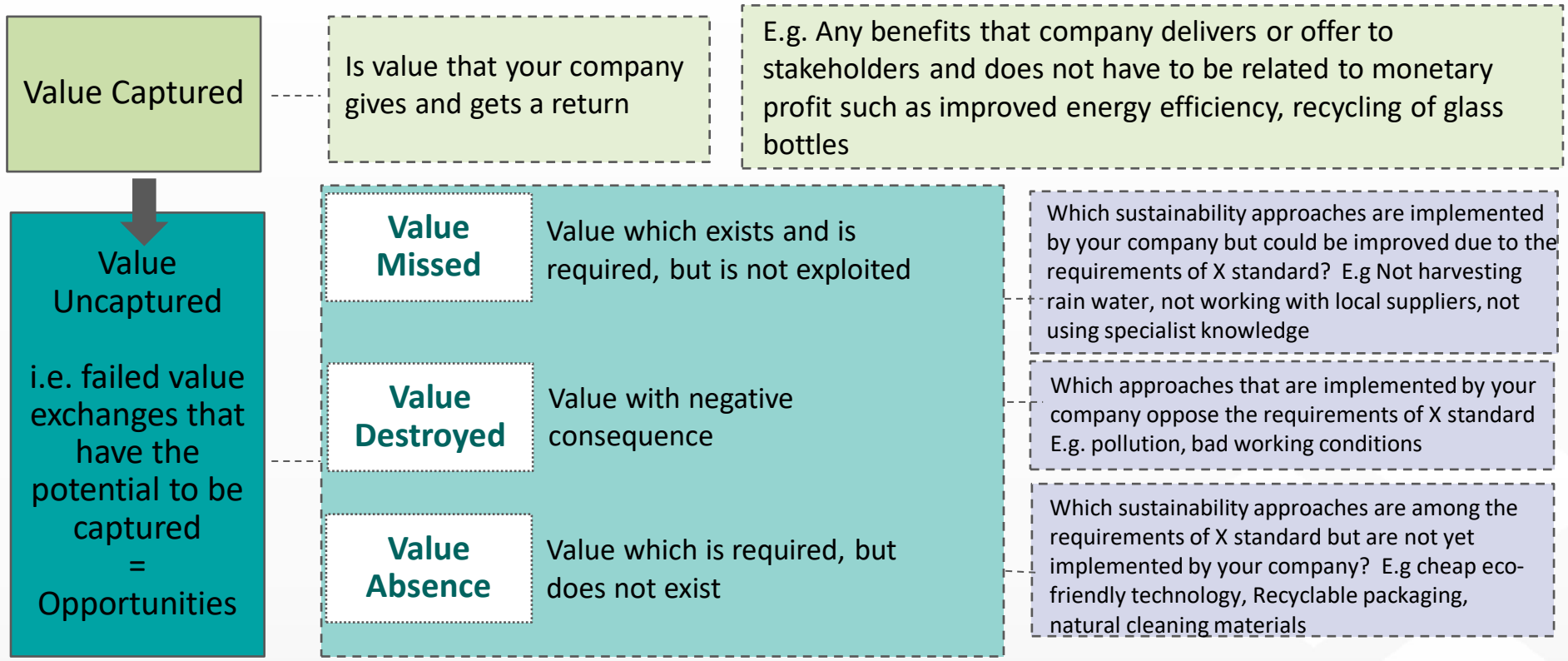
Developed by the Centre for Industrial Sustainability and the University of Cambridge

The aim of the tool is to assist companies in building a sustainable business by discovering new opportunities; that add value to the business and society.



Dr Doroteya Vladimirova, Senior Research Associate, University of Cambridge

ENVIRONMENTAL SUSTANABILITY



Adapted from the Cambridge Value Mapping Tool

Yang, M., Vladimirova, D., Rana, P. & Evans, S. (2014). Sustainable value analysis tool for value creation. Asian Journal of Management Science and Applications, 1(4), 312–332.

ENVIRONMENTAL SUSTANABILITY

Value Added / Captured

1. Use of renewable resources
2. Technologies with low emissions
3. Decrease waste levels within the ability of the environment to metabolise safely
4. Pollution prevention (air, water, land)
5. Protection of bio-diversity

(assigning resources to environmental protection)

Value Missed / Destroyed

1. Use of finite resources
2. Deforestation (when you can practice reforestation)
3. Pollution (air, water, land)
4. Destruction of bio-diversity
5. Wasting energy

https://www.undp.org/content/undp/en/home/sustainable-development-goals.html

ENVIRONMENTAL SUSTANABILITY

Value Added / Captured

In 1994 Ray C. Anderson, the founder of Interface, Inc., the largest manufacturer of carpet tiles in the world, set an audacious goal for his company: to take nothing from the earth not easily renewed by the earth – to make his company environmentally sustainable

In 2016 Nike began recycling billions of plastic bottles into polyester for clothing, using water-free fabric dyeing technologies. Today, it is on track to achieve zero waste by 2020 and 100% renewable energy use by 2025.

https://www.undp.org/content/undp/en/home/sustainable-development-goals.html

Value Missed / Destroyed

60%

Energy is the main contributor to climate change, it produces around 60 prcent of greenhouse gases

22%

The food sector accounts for around 22 percent of total greenhouse gas emissions, largely from the conversion of forests into farmland.

SUSTAINABILITY & CSR

Self-assessment tools

Below are two good tools to help a company get an initial idea of its social and environmental performance. These tools can help when asking self-assessment questions such as: How do my practices stack up against others? How far am I from matching the top performers? In which areas can I improve?

B IMPACT ASSESSMENT

http://www.bimpactassessment.net

ITC STANDARDS MAP

http://www.standardsmap.org

SUSTAINABILITY & CSR

Identify potential actions

Once a company or organization has identified its impacts, risks and opportunities through a self-assessment, it can move on to brainstorm its unique circumstances and strengths. This will enable it to identify potential actions that it could take to improve its competitiveness based on five types of possible sustainability benefits:

- Increased revenue
- Improved reputation
- Lower costs
- Reduced risks
- Other benefits

SUSTAINABILITY & CSR

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SUSTAINABILITY

Competitiveness Through Enterprise Sustainability

READ MORE

Next start date:

SUSTAINABILITY

Introduction to Standards and Sustainability

READ MORE

Next start date:

SUSTAINABILITY

Introduction to Corporate Social Responsibility

READ MORE

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SUSTAINABILITY

Becoming a Climate Resilient SME

READ MORE

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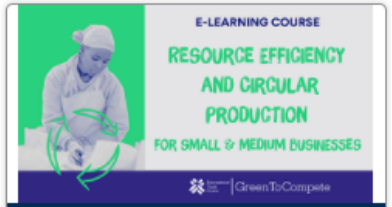

SUSTAINABILITY

Introduction to Resource Efficiency and Circular Production for SMEs

READ MORE

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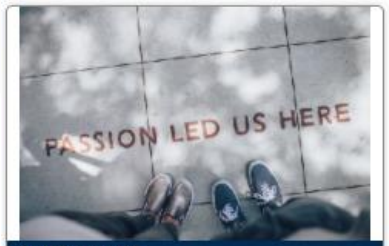

SUSTAINABILITY

How to Measure and Manage your Social Impact

READ MORE

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