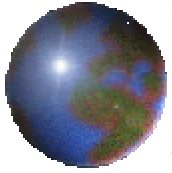


Sustainable Development As A Business Imperative

By Bill Blackburn

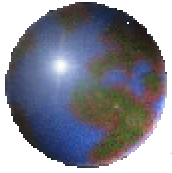
William Blackburn Consulting

September 29, 2003



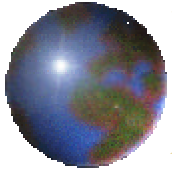
Who I Am

- ❖ VP & Chief Counsel, EHS, Baxter International—25 years
- ❖ Pioneered Sustainability at Baxter
- ❖ 30 years in environmental law and management
- ❖ GRI Stakeholder Council
- ❖ Consultant: SD, EHS, Emergency/Crisis Response
(WRB@WBlackburnConsulting.com)



Sustainable Development

- ❖ What is it?
- ❖ Why is it important?
- ❖ Effective ways for approaching it?

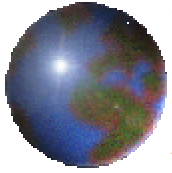


What Is Sustainable Development?

Sustainable Development (SD)

- = Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
 - 1987 UN Brundtland Commission

- = “Triple Bottom Line”:
 1. Economics (company & community)
 2. Social responsibility (employees & community)
 3. Environmental responsibility

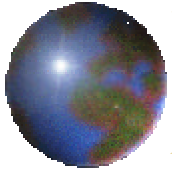


Questions Posed By SD

Economics and Business

Do our business activities promote sustainable economic health for the company and the global community?

Examples: Sales and profits, employment, wages, dividends, market share, taxes, community donations, local investments, overall business profile

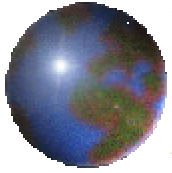


Questions Posed By SD

Employees and Social Responsibility

Do we conduct our business in a manner that contributes to the well-being of our employees and the global community?

Examples: Transparent public reporting, health care technologies and impacts, employee shared values, corporate governance, employee work-life balance, business practices, workplace safety, supplier programs, product quality, producer responsibility, consumer and employee privacy, union activity, employee development, employee and family wellness programs, training, workforce and supplier diversity, anti-discrimination policies, employee assistance programs, child labor, community relations initiatives

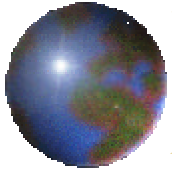


Questions Posed By SD

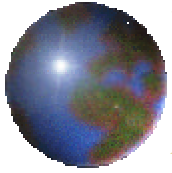
Environment

Do we manage our operations in a way that is protective of the environment to help ensure the earth can sustain future generations and the company's ability to meet future needs?

Examples: Waste, air and water pollutants, chemical spills, Greenhouse Gases, ozone-depleting substances, water usage, energy conservation, pollution prevention and recycling, biodiversity, environmentally sensitive product design



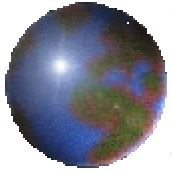
Trends Supporting The Movement Toward Sustainable Development



St. Matthew's Island: 29 reindeer in 1944; experts say 2300 maximum

Reindeer in 1953?

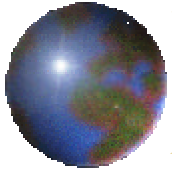
- a. 5
- b. 42
- c. 1,350
- d. 3,000



St. Matthew's Island

Reindeer in 1953?

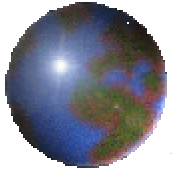
- a. 5
- b. 42
- c. 1,350**
- d. 3,000



St. Matthew's Island

Reindeer in 1963?

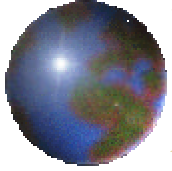
- a. 42
- b. 1,400
- c. 3,000
- d. 6,000



St. Matthew's Island

Reindeer in 1963?

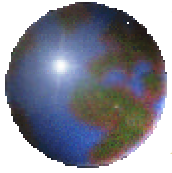
- a. 42
- b. 1,400
- c. 3,000
- d. 6,000**



St. Matthew's Island

Reindeer in 1966?

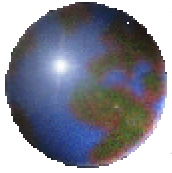
- a. 42
- b. 1350
- c. 6,000
- d. 10,000



St. Matthew's Island

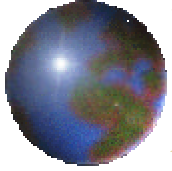
Reindeer in 1966?

- a. **42**
- b. 1350
- c. 6,000
- d. 10,000



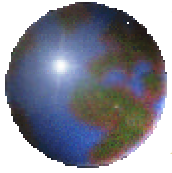
How Fast Does The World Add Enough Additional People to Populate Another U.S.?

- Years:
- a. 1
 - b. 3
 - c. 10
 - d. 25
 - e. 110



How Fast Does The World Add Enough Additional People to Populate Another U.S.?

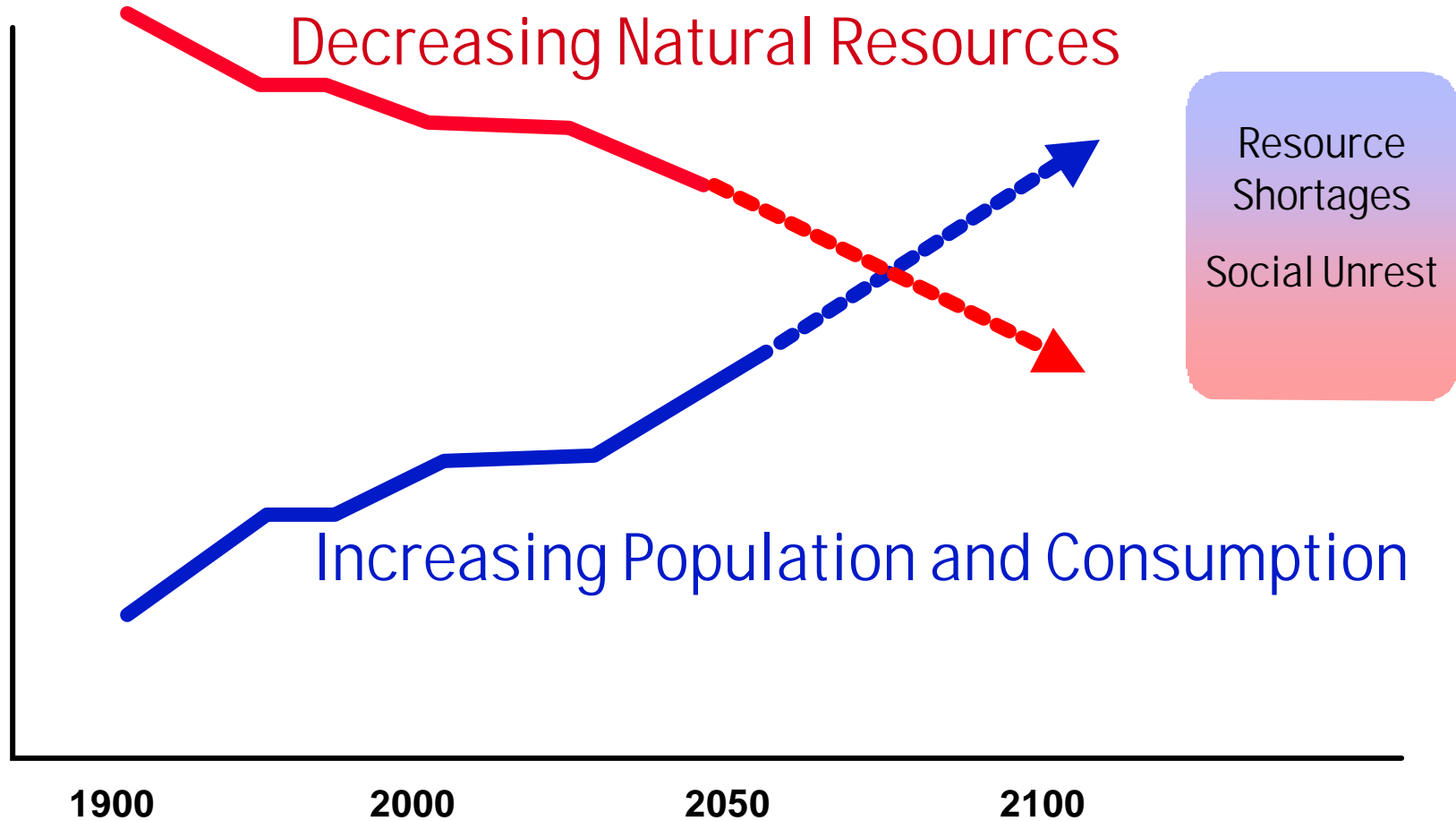
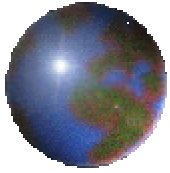
- Years:
- a. 1
 - b. 3**
 - c. 10
 - d. 25
 - e. 110



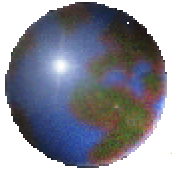
World's Population

- ❖ 1930: 2 billion
- ❖ 1999: 6 billion
- ❖ 2050: 9 billion

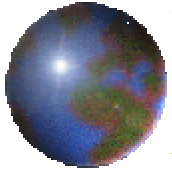
(Source: United Nations Population Division)



The "Big Squeeze"

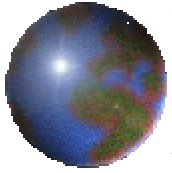


Are we overshooting the earth's carrying capacity?



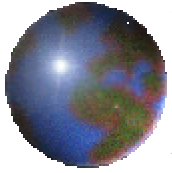
The “Big Squeeze”

- ❖ “What are the consequences if these trends go unchecked?”
- ❖ “What must society do to address these issues?”



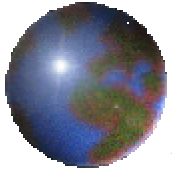
Natural Capitalism: Four Central Strategies

- ❖ Radical increase in resource productivity
 - Using resources more efficiently
- ❖ Biomimicry
 - Reducing the wasteful discard of materials; use waste as feedstocks
- ❖ Service and flow economy
 - Shift from an economy of goods and purchases to one of service and flow
- ❖ Investing in natural capital
 - Reinvestments in sustaining, restoring, and expanding stocks of natural capital



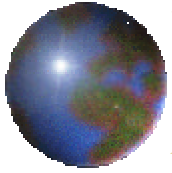
Other Trends Supporting Movement Toward Sustainable Development

- ❖ Global cost-competition driving eco-efficiency
- ❖ Growing importance of brand and reputation
- ❖ Stockholder activism
- ❖ Extended Producer Responsibility
- ❖ Competition for new talent
- ❖ Growth of socially responsible investing



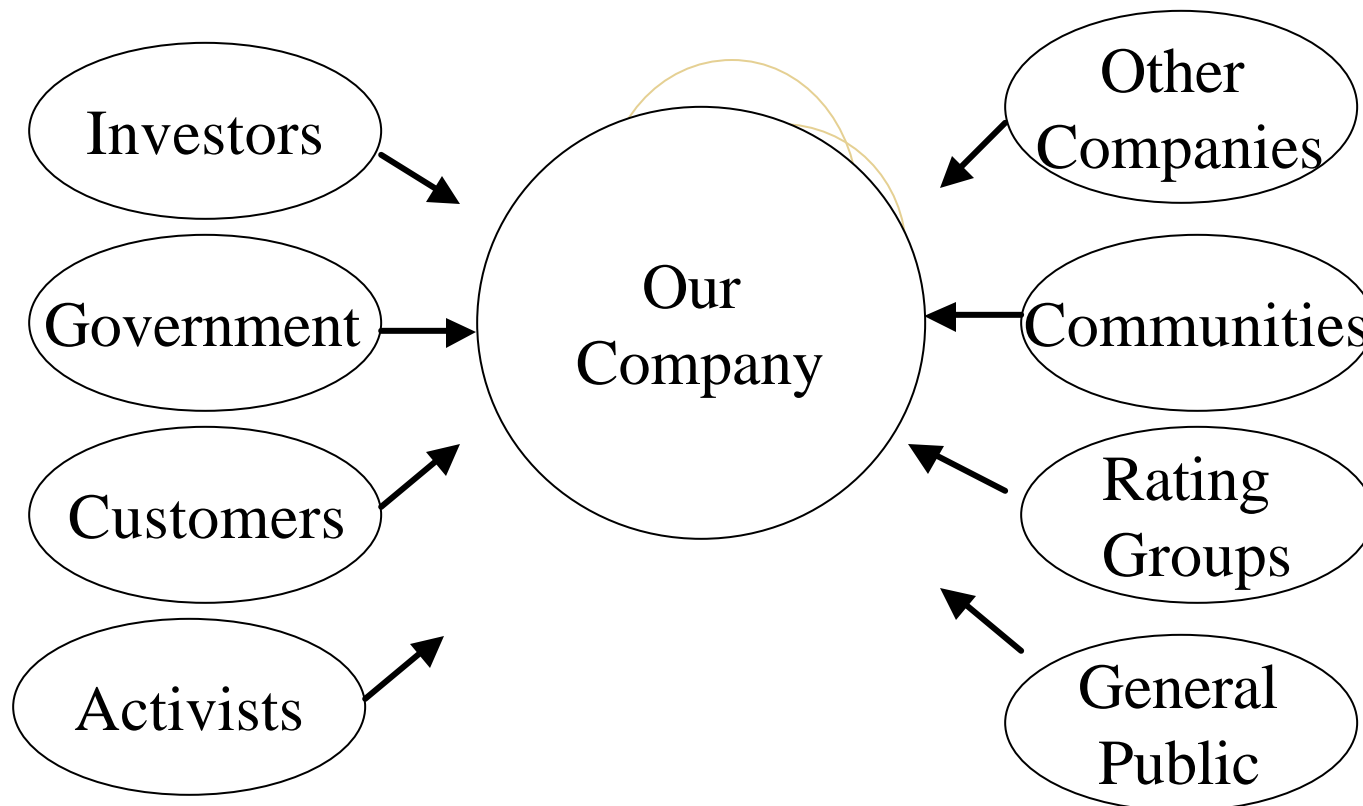
Other Trends Supporting Movement Toward Sustainable Development

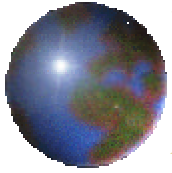
- ❖ Growth of NGOs
- ❖ Demand for environmental/social “transparency” (candidness) of corporations (laws, Internet, reporting standards)
- ❖ Globalization of business; local fear of “foreign invaders” lacking environmental and social accountability



Trends Supporting Movement Toward Sustainable Development

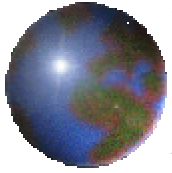
Pressure from ---





Value Of SD To A Corporation

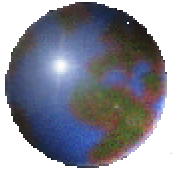
1. Risk management
2. Corporate reputation, (trust, credibility)
 - a. Brand strength (customers)
 - b. Recruiting/staff retention (employees)
 - c. Attracting capital (SRI) (investors)
 - d. Support for expansion, free trade (communities)
3. Innovation/growth (disruptive technologies, ability to adapt)
4. Proactive compliance, diminished need for regulation
5. Productivity/"eco-efficiency" (waste, safety = \$)
6. Business control



Suggested Approach to SD

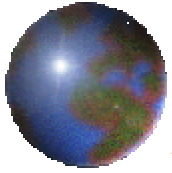
(Baxter Model)

- ❖ Team approach (Virtual SD Organization)
 - Members: Business Practices, Communications, Community Relations, Corporate Governance, EHS, Employee Relations, Purchasing & Supplier Management, Foundation
 - Duties:
 - Reporting
 - Board presentation
 - Planning and driving progress



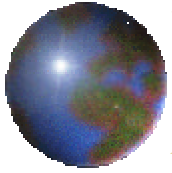
Suggested Approach to SD

- ❖ Sustainability Report
 - Purpose:
 - Internal agent for change
 - External credibility
 - CERES/GRI (EHS → SD)



Organizations Creating The Global Reporting Initiative

- Association of Chartered Certified Accountants – United Kingdom
- Canadian Institute of Chartered Accountants – Canada
- Colombian Business Council for Sustainable Development - Colombia
- Centre for Science and Environment – India
- Coalition for Environmentally Responsible Economies – United States (Chair)
- Council on Economic Priorities – United States
- Environmental Auditing Research Group – Japan
- General Motors Corporation – United States
- Green Reporting Forum – Japan
- Institute of Social and Ethical Accountability – United Kingdom
- Investor Responsibility Research Center – United States
- ITT Flygt – Sweden
- New Economics Foundation – United Kingdom
- Sustainability – United Kingdom
- United Nations Environment Programme
- World Business Council for Sustainable Development



Bringing SD To Life With Reporting: Running on 4 Legs

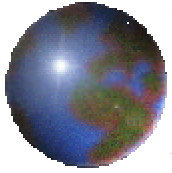


True View
Stakeholder
Engagement

Honesty
Transparency

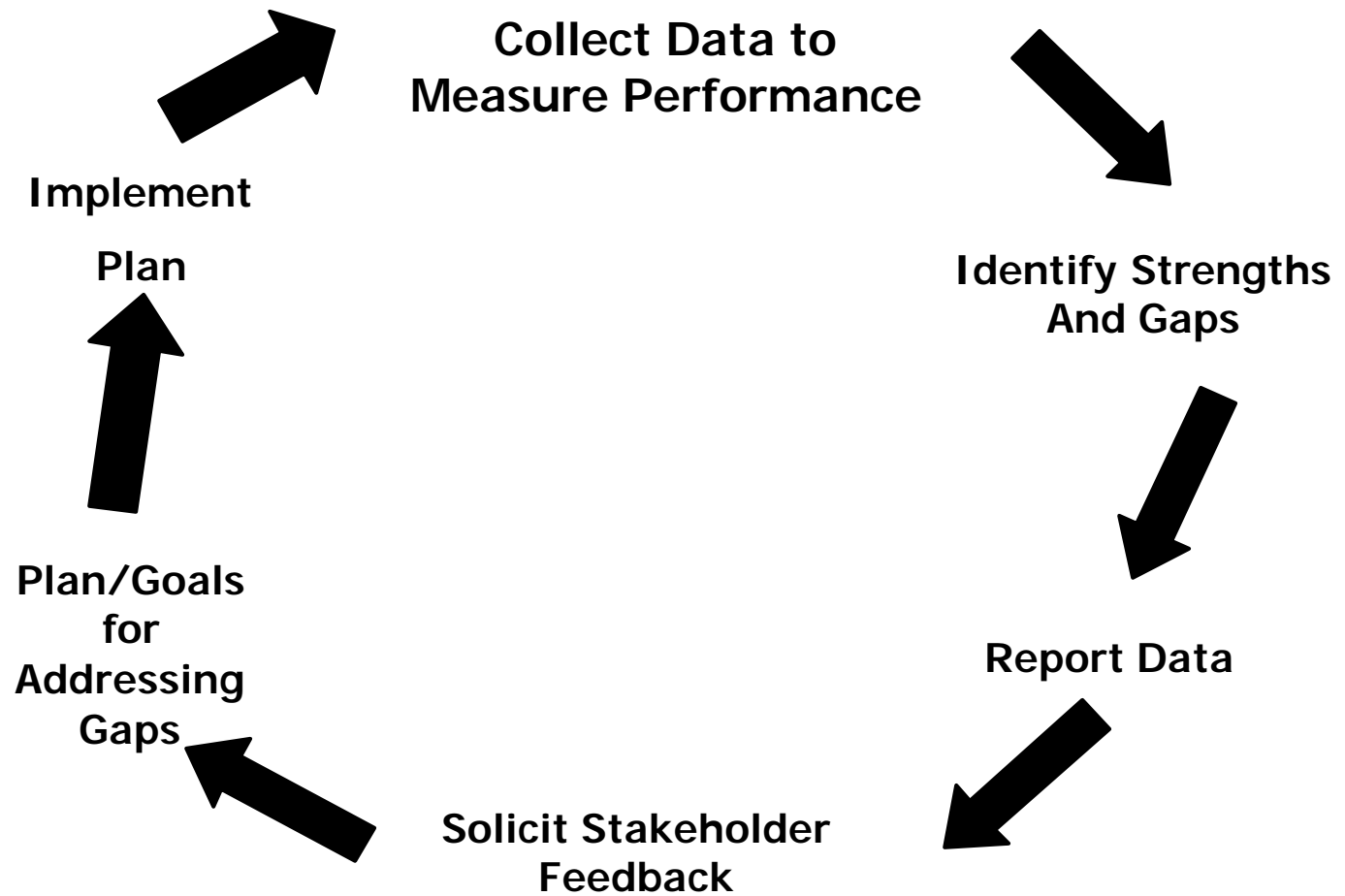
Credibility
Verification

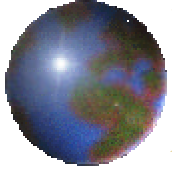
Path for Improvement
Quality Process
(Measurement, etc.)



Suggested Approach to SD

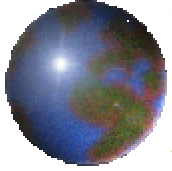
-- The Continuous Improvement Process





Driving SD With A Balanced Scorecard

	Balanced Scorecard Objectives			
	Employee	Customer/ Product	Investor/ Financial	External Community/ Citizenship
SD Triple Bottom Line:				
Economics			X	X
Environment		X	X	X
Social	X			X



Key Messages

1. Important global trends will increasingly affect the way we do business.
2. Ignoring these trends will impede our ability to compete.
3. Addressing these trends through Sustainable Development (SD) will make us a stronger, more competitive company.
 - Protects us from risk, reputational challenges and inefficiencies that can destroy shareholder value.
4. The best way to incorporate SD into business is:
 - Internally, through a continuous-improvement process integrated into business processes.
 - Externally, through open communications and dialogue on SD with key stakeholders.