



simplifying complexity

The 8 Sustainability
Challenges for Canadian
Business in 2014



Network for
Business Sustainability

Business. Thinking. Ahead.

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Inspiring new research
and innovating
new solutions

letter from Tima Bansal, NBS

I am delighted to present NBS's 2014 Challenges report, distilling the collective wisdom and experience of experts on our Leadership Council. This report represents NBS's bedrock commitment to mobilize academic research in order to educate, inspire and enable executives to act.

Over the next eight months, we will systematically review the research on the top challenge, "How can businesses act for tomorrow today?" Next fall, we will publish and widely circulate our findings, which should inform our readers on how to act decisively.

Our Leadership Council also asked us to assess the effectiveness of our 14 Systematic Reviews published to date. Seven years after NBS's inception, it is time to see if there is a better way to create change through research. This programmatic evaluation will examine how effectively we are bridging the gap between research and practice. We welcome your answers and recommendations at any time.

This year's list of challenges debuts a call for national sustainability metrics that capture Canada's environmental, social, political and economic contexts better than existing measures. Many of the other topics, such as sustainable supply chains, collaborations and Aboriginal community engagement, have appeared on previous lists of challenges. These are thorny problems, but shifts in the way our Leadership Council frames these question point to hard-won experience and more nuanced understanding of the issues. In this report, we include links to NBS's knowledge products covering these topics, and we will follow up over the course of the coming year with new perspectives reflecting how these issues have evolved.

I hope this report helps you define the most important sustainability challenges facing your organization, engender conversations with your colleagues and catalyze action. Let me know if NBS can help.

Sincerely,



Tima Bansal, PhD
Executive Director, Network for Business Sustainability
Professor, Ivey Business School

about this report

The Sustainability Challenges emerged from a one-day roundtable near Toronto on September 23, 2013. NBS Leadership Council members in attendance included:

- Eli Angen, Associate Regional Director for Ontario, Pembina Institute
- Paul Berto, Director of Corporate Communication and External Affairs, The Home Depot Canada
- Paula Brand, Director of Integrated Decision Making Division, Environment Canada
- Krista Campbell, Director General, Strategic Policy Branch, Industry Canada
- Karen Clarke-Whistler, Chief Environment Officer, TD Bank Group
- Tim Faveri, Director, Sustainability and Responsibility, Tim Hortons
- Brenda Goehring, Manager, Regulatory and Relationship Management – Corporate Safety, Health and Environment, BC Hydro
- Chris McDonell, Manager of Aboriginal and Environmental Relations, Tembec
- Kim Rapagna, Manager, CSR and Sustainability, Target Canada
- Luc Robitaille, Corporate Director, Environment, Holcim (Canada) Ltd.
- David Runnalls, former President, International Institute for Sustainable Development
- Carmen Turner, Leader, Sustainability, Teck Resources

Leadership Council members who sent delegates were:

- 3M was represented by Catherine Urquhart, standing in for Leadership Council member Richard Chartrand, Executive Director, Mining, Oil, Gas and Construction Markets
- Suncor Energy was represented by Sonia Gupta, standing in for Peter McConnachie, Senior Sustainability Issues Management Specialist.

Leadership Council members not in attendance were:

- Debbie Baxter, Chief Sustainability Officer, LoyaltyOne
- Grete Bridgewater, Director Environmental Programs, Canadian Pacific
- John Coyne, Vice President, Legal and External Affairs and General Counsel, Unilever Canada
- Karen Hamberg, Vice President, Sustainable Energy Futures, Westport Innovations.

Special thanks to Rick Bunch, author of the report, Maya Fischhoff, Jessica Kilcoyne and Pam Laughland for their support in producing this report.



Leadership Council representatives at roundtable

executive summary

This year's list of top sustainability challenges facing Canadian business reflects growing awareness of the difficulties of pursuing organizational sustainability in an increasingly complex global system. The leading sustainability companies represented on the NBS Leadership Council have made strides embedding sustainability in their organizations, reducing operational impacts and bringing more-sustainable products and services to market. Despite these advances, setting and pursuing sustainable business goals is difficult because other societal stakeholders - governments, civil society organizations, value chain partners, capital markets and customers - have widely varying sustainability commitments, goals and expectations. Companies are operating in a global system that is increasingly complex, distinguished by numerous interacting stakeholders and forces that reinforce or counteract each other, causing constant and rapid change with unpredictable outcomes.

Companies can address complexity in their operating environment by seeking to reduce it and by becoming more resilient. In the first case, companies can try to reduce complexity by facilitating better alignment about sustainability goals and responsibilities among different stakeholders and forces. Among our top sustainability challenges for 2014, this quest for alignment is reflected in questions about how best to engage non-governmental organizations and Aboriginal communities (challenge #8) ; how

to embed sustainability throughout the value chain (challenge #6); how to engage consumers to buy more-sustainable products and services (challenge #4); how to better connect the innovation and sustainability agendas (challenge #5); and what sustainability metrics are best for Canada's export-oriented natural resources economy (challenge #7).

Despite these efforts, complexity is not going away, and companies must be prepared to deal with complex systems and unpredictable outcomes. Our top challenge for this year recognizes the importance of long-term thinking in the face of numerous, intensifying, often conflicting short-term pressures. We also address the question of how companies can design resilient systems and strategies that are able to absorb setbacks, unexpected events and other shocks, and quickly recover, adapt and resume course (challenge #2).

Fittingly, resilience is a key quality of an intact and healthy ecosystem – suggesting that learning from nature can help businesses bring longer-term thinking into their business planning.

We invite you to join NBS as we explore the current knowledge and best practices related to our 2014 challenges and what connects them over the coming year.

“Holcim's decades of experience making social and environmental objectives the heart of our business strategy have helped us become a more resilient company overall, allowing us to maintain our sustainability commitments during the downturn and emerge as a stronger and more competitive solution-provider globally. Even during a global economic recession, which has put intense financial pressure on the cement sector, opportunities exist to challenge current practices and strategically look at ways to create value for everyone.”

LUC ROBITAILLE
Corporate Director Environment
HOLCIM (CANADA) LTD.

canadian business sustainability challenges in 2014

The 8 Sustainability Challenges for Canadian Business

1

How can businesses act for tomorrow today?

2

How can companies design resilient sustainability programs that can survive leadership changes, economic downturns, political shifts, and other setbacks?

3

How can companies most effectively engage with activist groups and NGOs on controversial issues?

4

How can companies combat consumer apathy to build active support for sustainability initiatives?

5

How can can firms create a pragmatic connection between sustainability and innovation?

6

How can firms improve overall performance by embedding sustainability throughout their value chains?

7

What are the appropriate measures for sustainable development in a natural resource, export-based and growing economy such as Canada's?

8

What are the best ways for businesses to learn from Aboriginal perspectives on sustainability, and to include Aboriginal communities in discussion of projects that affect their interests?

1 CHALLENGES

How can businesses act for tomorrow today?

Companies are mainly concerned with meeting the needs of customers and other stakeholders today. Sustainability's long-term orientation is challenging to embrace within companies where short term deadlines, returns, and customer needs take high priority. Quarterly earnings pressures subordinate the long-term view, and frequent, or even anticipated, changes in corporate or political leadership make investment in long-lead initiatives risky. Rather than making big bets, companies avoid overcommitting to any particular future scenario, and instead monitor conditions constantly and respond quickly as the future comes into focus.

To bring the long-term view to decisions and operations within their companies, Leadership Council members focus on connecting sustainability to key decision-making drivers. They report significant interest in integrating sustainability indicators into standard business processes and reports (e.g. integrated reporting). Many challenges remain, however. Risks and benefits are hard to value because sustainability programs require long-

term investments, often with uncertain outcomes. Integrated reporting, instead of dedicated sustainability reports, may suggest to some stakeholders that sustainability has become less important to a firm. Ongoing, strong board-level support is also required for a firm to stay the course with sustainability initiatives despite inevitable bumps in the road.

In 2014, NBS will commission a top academic research team to review the existing body of knowledge in this area. We will produce a practical guide for business leaders to encourage long-term thinking in their firms' governance discussions, strategy and planning, and everyday decision making. We will also publish an in-depth systematic review to help academic researchers understand the state of knowledge in this field and identify fruitful areas for future inquiry.

"Firms like BC Hydro depend heavily on social license to operate, which is predicated on trust, transparency, and sustained integrity of the firm; and requires a long-term view particularly when investing in and managing assets which last for multiple decades. This can be a tough mandate to fulfill with changing economic, regulatory and policy expectations. The more reliably we can anticipate our future social and environmental responsibilities, the better decisions we can make today."

BRENDA GOEHRING
Manager, Corporate Safety, Health and
Environment
BC HYDRO

2 CHALLENGES

How can companies design resilient sustainability programs that can survive leadership changes, economic downturns, political shifts, and other setbacks?

Corporate leaders change, internal champions move on, companies reorganize and restructure, economic and political cycles create crises, opportunities and new priorities. These shifts lead to uncertainty in strategy and implementation and may shift the people, resources or objectives associated with sustainability initiatives. These forces have been felt acutely over the past few years of global economic turmoil and political uncertainty, and NBS Leadership Council members have faced many competitive, economic and organizational challenges to implementation of their sustainability programs. They are searching for more resilient strategies that can help companies, initiatives or other systems to absorb disruptions, recover quickly and resume course.

Organizational culture and strategy are key to building resilience. An organizational culture with sustainability deeply embedded is less likely to abandon efforts or sharply change course in the face of market competition, policy changes, changes in company leadership or resources, or discouraging sustainability results.

Firms that recognize the complexity of sustainability issues are also more likely to weather changes. Such recognition of complexity can involve accepting a wide range of equally possible futures in strategic planning, to anticipate how plans and systems might need to adapt; then constantly monitoring, analyzing and reacting and evaluating as events unfold.

“Sustainability must be ingrained in the culture of an organization through company-wide commitment to making sustainable business decisions. Understanding and honouring the impact of sustainable business choices takes commitment from all levels and disciplines, from supply chain and manufacturing, to marketing, sourcing and business development.”

RICHARD CHARTRAND
Executive Director, Mining, Oil & Gas and
Construction Markets and Priority Accounts
3M

Companies may reduce complexity, and increase resilience, by bringing about greater alignment among their stakeholders regarding sustainability goals and responsibilities. Those that can best reduce complexity while simultaneously preparing for its inevitable effects will be able to implement the most effective and resilient sustainability programs.

NBS Knowledge Resources

Organizational Culture: Executive Report

This report presents a framework for embedding sustainability in organizational culture with a portfolio of practices—both practices that the research has shown to be effective and those that show potential but remain untested.

Organizational Culture: Systematic Review

This report is a detailed synthesis and review of academic research, forming the basis for the executive summary

Transforming Towards the Firm of the Future

“To succeed in business we must be agile, creative, alert, spontaneous and responsive – often operating in completely new ways. Today’s rapidly changing business environment calls for businesses that thrive in rapidly changing environments: businesses more akin to living systems.”

Lessons from the Environment Help Firms Evolve

“...the more we grapple with the challenges our businesses now face, the more we realize that nature’s patterns and qualities inspire approaches and qualities for our own evolutionary success in business and beyond.”

3 CHALLENGES

How can companies most effectively engage with activist groups and NGOs on controversial issues?

Many companies recognize the important role that non-governmental organizations (NGOs) play in engagement and consultation about natural resources, conservation and environmental impacts of industrial activities. Mutually respectful engagement can often yield faster, more equitable and enduring agreements than regulatory and judicial processes. Fruitful dialogue requires parties to set aside other strategies such as litigation and make a commitment to dialog and joint problem-solving. For this new approach to be effective, all sides need access to comparable expertise and research.

NBS Leadership Council companies, experienced with NGO engagement, nevertheless find that non-governmental organizations often have capacity limitations, including expertise and financial resources. Reaching agreement is only a midpoint of the process, as well, because both sides must then deliver the endorsements of their key stakeholders while working together to engage third parties. In addition, convincing governments to implement informally negotiated agreements between companies and NGOs can be difficult because of the formal process requirements governments must observe. Thus, crucial as it may be to engage civil society organizations in sustainability initiatives, the terrain is littered with hazards for companies and NGOs.

“Natural resource companies, like Tembec, recognize that engaging with external stakeholders in discussions to address resource management issues of common concern can be a constructive alternative to a conflict-based ‘war in the woods’ model. These conversations involving unlikely collaborators represent a new form of engagement for both industry and NGOs. This new role for companies and NGOs is challenging and keeping parties engaged has proven to be a big challenge.”

CHRIS MCDONELL
Manager, Aboriginal and Environmental Relations
TEMBEC

NBS Knowledge Resources

Sustainability through Partnerships: Executive Report

What best practices enable firms to collaborate with other organizations to advance sustainable business? Collaboration is one of the keys for unlocking sustainability, with leaders from all sectors of society agreeing that solving environmental and social challenges requires unparalleled cooperation. Sustainability through Partnerships provides explicit guidance on how to select the right partner and manage the partnership process, and includes a toolkit complete with a partnership checklist.

Sustainability through Partnerships: Systematic Review

This report synthesizes the research underlying the executive report, reviewing 275 publications to develop a model of four factors affecting partnership outcomes: drivers, motivations, partner characteristics and process issues.

Stakeholder Engagement: Executive Report

This comprehensive NBS report is designed to help executives and directors in community and public relations identify and develop a strong strategy for engaging with their community. It presents a useful guide for identifying your stakeholders and planning how and why to engage them.

Stakeholder Engagement: Systematic Review

This report synthesizes data from more than 200 studies to present the most comprehensive compilation of high-quality knowledge on this topic to date.

Partnering with NGOs: The 4 Keys to Success

This short, NBS “Thought Leader” blog overviews how businesses can improve their social and environmental performance and find new market opportunities through partnerships with NGOs.

4 CHALLENGES

How can companies combat consumer apathy to build active support for sustainability initiatives?

Consumers are overwhelmed by the sheer volume of information about their purchasing choices. They are confused by diverse and often conflicting marketing claims about product sustainability, and increasingly cynical about the motives of companies and people who promote sustainable products.

Consumer apathy is a huge problem for companies seeking to advance sustainable products and services. Canadian companies need to meet consumers wherever they are and help build their understanding of the short-term and long-term consequences of their choices.

Having achieved significant commitment to sustainability within their companies, Leadership Council members are now asking how to improve positioning and messaging about sustainability to engage and motivate customers and other external stakeholders.

“We’ve learned that providing our customers with the right choices when it comes to environmentally preferable products, and explaining what the benefits of those choices are to the individual customer (saving time, energy and money), are essential to driving sustainable behaviour change at retail.”

PAUL BERTO
Director of Corporate Communication
and External Affairs
THE HOME DEPOT CANADA

Driving Social Change: Executive Report

How can companies help change people's behaviour in order to benefit society? This comprehensive report:

- Reveals the three conditions necessary for changing people's behaviour.
- Provides 19 mechanisms companies can use to drive positive behaviour change and a checklist for managing change projects.
- Includes case studies from two organizations that have led social change projects.

Driving Social Change: Systematic Review

This report synthesizes and analyzes 123 applied and academic studies from 1992 to 2012, creating the most comprehensive and credible evidence to date on business-driven social change.

Socially Conscious Consumerism: Executive Report

Are consumers willing to reward firms for their sustainability actions with price premiums or increased purchases? This report contains a model for socially conscious consumerism and provides useful tips on how managers can close the attitude-intention-behaviour gap with consumers.

Socially Conscious Consumerism: Systematic Review

This report synthesizes 30 years of research on whether consumers are willing to reward firms for their positive sustainability actions either by changing their behaviour or by paying a price premium.

Make It Personal: How to Get People to Care about Sustainability

New polls frequently announce that a significant proportion of the population is concerned about an issue or willing to sacrifice for a cause, from environmental sustainability to third world debt. The polls create the sense of a public mandate for action on these issues – one that businesses and governments need to follow. However, standard polls don't accurately measure people's true beliefs.

3 CSR Behaviours Affect Sustainable Consumption

People who care about poverty in developing countries won't necessarily pay price premiums for environmental products. And vice versa.

Six Ways to Get Customers to Buy Green

Six insightful, sometimes surprising findings about motivating consumers to make environmentally conscious purchases.

5 CHALLENGES

How can firms create a pragmatic connection between sustainability and innovation?

Researchers have identified the innovation activities firms engage in to become more sustainable and the conditions that support innovation. Now, NBS Leadership Council companies want to understand better the **motivations and goals** of sustainability innovation. For example, should the goal be incremental change or leapfrog advances? What is the value of investment in sustainable product innovation, and how can companies be persuaded to risk such investments?

An innovation gap may prevent Canada from making the kind of step-change advances in sustainability necessary to remain internationally competitive. Achieving a pragmatic understanding of the connection between sustainability and innovation may help close this perceived gap.

“Innovation in the energy industry is complex because we need to consider not only today’s market demands, but also the often conflicting interests of a wide variety of stakeholders many of whom have different views of energy systems in the future. Suncor’s oil sands development is a great example – we collaborate with other energy companies to reduce environmental impacts, and engage civil society extensively. Progress toward sustainable development of the oil sands depends on our ability to understand and reconcile these many different motivations and goals into a pragmatic innovation strategy.”

SONIA GUPTA
Team Lead, Sustainability Disclosure and
Corporate Responsibility
SUNCOR ENERGY

NBS Knowledge Resources

Innovating for Sustainability: Executive Report

In this 2012 report, NBS examined the question: What innovation activities help companies become sustainable? Designed for business leaders, the executive guide provides:

- A three-stage framework for assessing which stage of the sustainability journey your organization currently occupies,
- 38 practices for fostering innovation at each stage, and
- Case studies from leading organizations, large and small, that are actively finding innovative ways to serve people, profits and the planet.

Innovating for Sustainability: Systematic Review

This report is a synthesis of 127 applied and academic studies from 1992 to 2012, providing the most comprehensive and credible evidence to date on innovating for sustainability.

View the [Innovating for Sustainability webinar](#) presented by the report's authors

How to Drive Innovation

Some organizations define innovation as new technologies and processes that don't exist anywhere else. This research, however, asserts that innovation can show up in almost any of your company's operations, including how you design, package and promote products, how you hire and train employees, and even the type of business you run. Innovation can be free and simple or expensive and complex.

Sustainable Development Drives SME Innovation

This case study shows that organizational features of SMEs tend to encourage innovation. These features include: a flexible firm structure; financial independence owing to the owner or manager's presence; a specialization of activities; and the ability to react to new opportunities and rely on intuition to inform decisions.

6 CHALLENGES

How can firms improve overall performance by embedding sustainability throughout their value chains?

Canadian companies have significantly reduced sustainability-related risks and costs in their supply chains. What's less understood is the role of sustainable value chain management in creating opportunities and strategic advantages for companies.

While many Leadership Council companies feel they have improved the “nuts and bolts” of their sustainable supply chain management, they are also asking big picture questions about motivations, goals and scope that seek to identify how value chain sustainability can create strategic value. Questions include, how far up the supply chain should a firm's due diligence

efforts extend? Who within the firm should be engaged, and what is the best way to get them to care, see the value and participate? These questions have additional aspects for Canadian subsidiaries of international companies, who grapple with the different regimes and standards within their own organizations' geographic scope. Looking even more broadly, companies perceive value in the creation of industry-wide standards, such as the Palm Oil Roundtable, Marine Stewardship Council and Forest Stewardship Council, but would like to see a more rigorous evaluation of the competitive and sustainability risks and benefits of engaging in these standards.

“Tim Hortons recently launched a new Partnership Blend of coffee, which is 100% sourced from smallholder farmers participating in the Tim Hortons Coffee Partnership. What started as a philanthropic program, focusing on providing technical farming assistance to project farmers and their communities, has, after eight years, been able to assure a steady supply of beans that meet our quality standards! We've discovered all kinds of added benefits, from education on how sustainability can be embedded at all levels of the value chain, to the identification of new regional sourcing opportunities.”

TIM FAVERI
Director, Sustainability and Responsibility
TIM HORTONS

Global Supply Chains: Executive Report

Supply chain disruptions can be devastating for operations and share price. But companies can better manage their global supply chains to leverage opportunities and mitigate risk. Learn how to identify gaps in your current program and implement new practices and strategies to improve performance and resilience of your supply chain.

Global Supply Chains: Systematic Review

This report synthesizes 194 studies spanning 25 years of research on sustainable supply chains and presents frameworks for developing competitive and sustainable global supply chains.

Global Supply Chains: Video

How Sustainability Can Help Strengthen Your Global Supply Chain

“Developing new relationships that cross multiple national boundaries doesn’t have to be fraught with worry ... adopting a sustainable approach to your global supply chain management can open up a world of opportunities.”

Just Do It: How Nike Turned Disclosure into an Opportunity

Between the early 1990s and 2005, Nike went from denying responsibility for inhumane conditions in its factories to leading other companies in full disclosure — a strategic shift that illustrates how a firm can leverage increased transparency to mitigate risk and add value to the business.

Find New Revenue Opportunities Through Reverse Supply Chains

Revenue opportunities exist for managers willing to elevate the priority and urgency of handling returns in their organization, developing front-end processes and technologies that could create an efficient — and profitable — reverse supply chain to refurbish, reuse, or recycle products.

93% of Your Supply Chain Is Invisible

“A company like Walmart can have literally tens of thousands of suppliers and sub-suppliers in their supply chain. It would be impossible to audit and track all of them using the checks and balances standard auditing programs offer today. A supply chain manager needs to add complementary activities such as capacity-building, collaborative initiatives and worker education programs to their supply chain strategy.”

7 CHALLENGES

What are the appropriate measures for sustainable development in a natural resource, export-based and growing economy such as Canada's?

To focus its sustainable development efforts and set realistic goals, Canada needs to employ comprehensive and appropriate metrics. The most commonly cited metrics are problematic in the Canadian context in two ways. First, overly restrictive definitions of the "green economy" exclude significant opportunities for further advances. Second, using incomplete sets of measures to compare Canada to dissimilar countries can focus sustainable development goals in less promising areas and create unrealistic expectations.

The "green economy" is widely understood to encompass business activities focused on the production of green products and services. These sectors are growing in Canada and are unarguably critical to the country's progress toward sustainability. However, much of Canada's economy, and environmental impact, remains in the "brown economy," encompassing natural resource extraction, processing, manufacturing and transportation. Enormous progress has been achieved in reducing the environmental impacts of the "brown economy", notably in energy efficiency and pollution reduction, yet enormous potential for further gains still exists. Excluding these sectors from "green economy" initiatives may lead to poor policy and investment decisions that deliver less bang for the buck and weaken international competitiveness of Canada's natural resource sectors.

"Rather than viewing environmental progress and economic growth as being conflicting objectives, we need to employ a more balanced approach that measures the 'greening of the economy' through consumer, corporate and policy efforts to increase operational efficiency and minimize environmental impact while fostering economic growth, diversification and competition. Designating some economic sectors as 'green' and others as 'brown' can diminish the real progress that industry, government and citizens have made."

KAREN CLARKE-WHISTLER
Chief Environment Officer
TD BANK

Focusing too much on “green economy” metrics can also incongruously compare Canada’s sustainability progress against countries with much smaller natural resource sectors. Compared to post-industrial economies of Europe or east Asia, for example, Canada reports higher energy and pollution intensity, and a bigger relative carbon footprint. Such comparisons ignore the impact reductions made by Canada’s natural resource and manufacturing sectors, and creates unrealistic expectations that Canada should be as efficient and pollution-free as these post-industrial economies. It may also lead to underinvestment in relatively cheap reductions of pollution and energy use in “brown” sectors.

More constructive comparisons benchmark Canada’s sustainability metrics against similar, natural resource-based and export-oriented economies, such as Australia. Natural resource economies use more energy per capita, for resource extraction, transportation and processing. These countries also tend to be larger geographically and their populations more spread out; as a result, they use more energy for personal transportation and housing. Comparing Canada to these more-similar economies will reveal the greatest opportunities for improvement and help Canada set achievable sustainable development goals.

NBS Knowledge Resources

Measuring and Valuing Environmental Impacts: Executive Report

This comprehensive guide is specifically designed to help senior executives and decision-makers choose tools and additional resources for measuring and valuing environmental impacts, including an actionable four-step process. The report also identifies the pros and cons of the most common tools, enabling managers to select among them depending on their specific needs.

Measuring and Valuing Environmental Impacts: Systematic Review

This report synthesizes more than 180 applied and academic studies and 20 tools, providing the most comprehensive and credible evidence to date on how to measure an organization’s environmental impacts.

Understanding Ecosystems: How Businesses Can Manage Risks and Opportunities from Natural Capital

Natural capital provides economically valuable goods and services, or “ecosystem services.” Businesses can incorporate natural capital into their planning. Environmental degradation poses business risks, and environmental protection can provide opportunities.

8 CHALLENGES

What are the best ways for businesses to learn from Aboriginal perspectives on sustainability, and to include Aboriginal communities in discussion of projects that affect their interests?

Legal and policy frameworks for respecting Aboriginal rights and interests have evolved dramatically in recent decades, yet adhering to these requirements does not guarantee a company successful and harmonious outcomes. “Free Prior and Informed Consent” (FPIC)—the right of indigenous peoples to approve or reject proposed actions or projects that may affect them or their lands, territories or resources—is necessary but not sufficient by itself to get the best results.

On the other hand, companies that exceed legal requirements and deeply involve Aboriginal interests in strategy and planning can greatly reduce reputational and operational risks and gain valuable insights. Co-management of resources, for example as implemented with diamond mines in Canada’s territories, is of special interest as a

model to apply more broadly. As with NGO collaborations, Aboriginal groups must be able to participate as full partners, with equal capacity to engage in discussions and with comparable access to information and expertise.

Too little is understood about best practices for deep engagement of Aboriginal interests. More careful definition of terms and methodologies is needed, as is careful study of practices that assure positive, and sustainable, outcomes for both Aboriginal communities and companies.

“Indigenous Peoples often have unique and strong connections to land and resources. For these reasons, Indigenous Peoples tend to experience impacts differently or disproportionately compared to other groups; their perspectives can help us not only avoid mistakes but also find better ways to operate. This makes it extremely important that we identify and manage the impacts to Indigenous Peoples in our Communities of Interest and engage with them appropriately.”

CARMEN TURNER
Leader, Sustainability
TECK RESOURCES

NBS Knowledge Resources

Engaging the Community: Executive Report

This report is designed to help executives and directors in community and public relations identify and develop a strong strategy for engaging with their community. It presents a useful guide for identifying your stakeholders and planning how and why to engage them.

Engaging the Community: Systematic Review

This report synthesizes more than 200 applied and academic studies, providing the most comprehensive and credible evidence to date on community engagement.

How to Identify Stakeholders, and Four Steps to Implementing an Engagement Process

The fundamentals of stakeholder engagement, including: key terms and issues; steps for implementing your strategy; and additional reading and resources.

The 5 Practices of Visionary Companies

“Visionary companies are unsatisfied with simple environmental metrics or reports. They go beyond laws and voluntary standards to implement innovative practices that create value for the company and benefit people and the environment.”

The Growing Authority of Indigenous Communities (And What it Means for Companies)

This brief describes how business are presently engaging Indigenous communities with mixed results and highlights three significant developments, largely led by Indigenous Peoples themselves, that have the potential to transform company-community relations for the better.

canadian business sustainability challenges in 2013

The 10 Sustainability Challenges For Canadian Business

1

How can businesses contribute to effective, integrated public policy on the right issues?

2

How can companies best engage value chain, industry and NGO partners to achieve sustainability goals?

3

How can businesses help Canadians become informed, inspired and engaged in a national dialogue about sustainability?

4

What corporate structures enable companies to deliver on sustainability goals?

5

How can companies keep their long-term sustainability agenda on track despite leadership changes?

6

How should companies navigate issues regarding Aboriginal rights and entitlements?

7

How can Canadian organizations become more innovative?

8

How can companies embed social license to operate into their strategy?

9

How can business and society prepare effectively for the impacts of climate change?

10

How can companies respond to the proliferation of voluntary and mandatory reporting requirements?

earlier sustainability challenges: civic dialogue

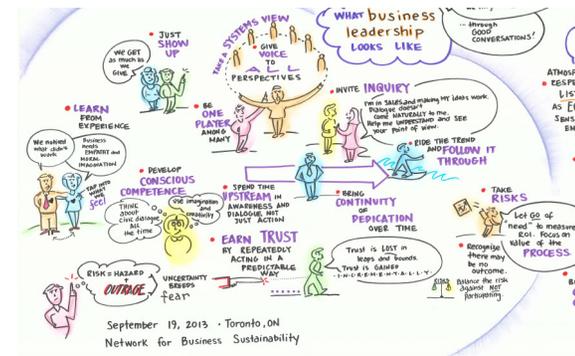
In their September, 2012 meeting, the top challenges identified by members of the NBS Leadership Council related to the need for changes in political, social and economic systems to facilitate sustainable business initiatives. Having achieved many operational, strategic and governance improvements, Leadership Council companies were looking beyond the boundaries of their own organizations to continue advancing sustainability. The top challenges they defined, which NBS has subsequently explored in depth, represent two ways to engage society: civic dialogues and multi-sector partnerships.

Civic dialogues are facilitated discussions that create understanding among diverse people. They can build broad-based consensus and commitment around issues that are complex and controversial. Civic dialogues have been used to set priorities for national-level agendas (e.g. [Canada's Future of Health Care Dialogue](#)) and to address issues at regional and local levels (e.g. the [Alberta Climate Dialogue](#)).

Civic dialogue's unique niche is in addressing issues that are unclearly defined or widely misunderstood. These issues require discussion, learning and agreement before action is possible. Once given definition, the issue can be addressed through action strategies such as multi-stakeholder partnerships.

Business's role in civic dialogue has received little attention. To address this gap, NBS drew on research and expert feedback, collected at a forum on civic dialogue. In early 2014, NBS will release a short guide for executives focused on the rationale for engagement and a longer "best practices" document that businesses can use to guide action.

The researcher leading this project is Dr. Thomas Webler, a Research Fellow at the Social and Environmental Research Institute in Massachusetts and an expert in civic dialogue.



The Role of Business in Advancing Sustainability through Civic Dialogue. Illustration by Jennifer Shepherd

earlier sustainability challenges: multi-sector partnerships

Multi-sector partnerships bring businesses together with governments, non-governmental organizations and/or communities to tackle problems beyond the ability of individual organizations, or even whole sectors, to solve alone. Such problems are usually complex, requiring different kinds of skills or resources and involving many stakeholders.

Partnerships can enable businesses to innovate, improve society and the environment, increase legitimacy and acquire new skills and resources. But partnerships are also a new way of operating – and not all are successful. The NBS report, *Sustainability through Partnerships*, provides the best research-based advice for business leaders on planning, establishing and executing effective partnerships.

Researchers Dr. Barbara Gray and Ms. Jenna Stites conducted an unprecedented review of over 275 relevant articles and reports, including the best current academic research. Dr. Gray is Emeritus Professor of Organizational Behavior at The Pennsylvania State University and has consulted extensively with private, public and non-governmental organizations to teach and facilitate collaboration. Ms. Stites is a PhD candidate at The Pennsylvania State University, studying the consequences of social and environmental actions and partnerships for firms' reputations.

Read the [Systematic Review](#) (110 pages) and the [Executive Report](#) (22 pages).



collaborating to create impact: the embedding sustainability working group

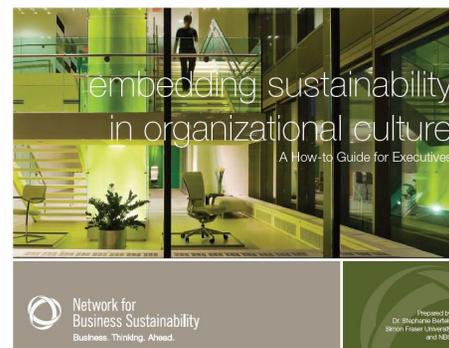
NBS not only researches cutting-edge knowledge and best practices to address each year's list of Sustainability Challenges, but also collaborates with companies and other organizations to find the best ways to put that knowledge to work. In 2012, NBS convened a progressive group of companies interested in the topic of Embedding Sustainability to participate in a [three-year research project](#). This project leverages the work of the 2010 [NBS systematic review on embedding sustainability](#) to examine companies' efforts to embed sustainability throughout their organizations. The process includes baselining, development of organizational action plans, implementation support and reassessment at the end of the three year period. Peer learning sessions and research team support will take place throughout the project.

The research team is led by Dr. Stephanie Bertels at the Beedie School of Business at Simon Fraser University, author of the

[Embedding Sustainability in Organization Culture](#) report, with support from Dr. Jennifer Howard-Grenville at the Lundquist College of Business at the University of Oregon.

This work creates an important bridge between research and practice by providing much needed "on the ground" data and systematic analysis on implementing sustainability. NBS anticipates significant contributions to sustainability knowledge in the area of embedding sustainability and will share insights as they emerge over time. Tools and resources are planned for public release at various stages in the project.

Companies participating in the Working Group are Bentall Kennedy, Celestica, Cenovus Energy, Conoco Phillips Canada, Farm Credit Canada, Suncor Energy, Sustainalytics, TD Bank and Teck Resources.

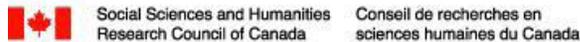


about the network for business sustainability

A Canadian non-profit, the Network for Business Sustainability produces authoritative resources on important sustainability issues with the goal of changing management practice. We unite thousands of researchers and business leaders worldwide who believe passionately in research-based practice and practice-based research.

NBS is funded by the Social Sciences and Humanities Research Council of Canada, the Richard Ivey School of Business (at Western University), the Université du Québec à Montréal, our Leadership Council, Industry Association Council and SME (small and medium enterprise) Council.

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About NBS's Leadership Council

NBS's Leadership Council is a group of Canadian sustainability leaders representing diverse sectors. At an annual meeting, these leaders identify their top priorities in business sustainability – the issues on which their organizations need authoritative answers and reliable insights. Their sustainability priorities inform NBS research projects.



Thanks to Deloitte Canada

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