


For comments from Gerald Hassell and board member Samuel Scott, see pages 6 and 7


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Taking on global sustainability challenges isn't just good for the planet—it's good for business.

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A MODEL OF SUSTAINABILITY: ADOBE SYSTEMS' OFFICE TOWERS IN SAN JOSE (BELOW); WIND TURBINES (LEFT) PROVIDE SOME OF THE COMPANY'S ENERGY NEEDS.



**B**y just about any measure, the San Jose headquarters of Adobe Systems is an environmental success story. The three office towers on the software giant's campus have all been awarded Leadership in Energy and Environmental Design (LEED) Platinum certificates—the highest level possible—by the U.S. Green Building Council.

The designation doesn't come easy, requiring the use of innovative strategies, materials, and processes that result in far more efficient use of resources than those utilized by a more traditionally designed building. Nor does it come cheap: Between 2001 and 2009, Adobe invested approximately \$2.1 million in 85 conservation projects, ranging from a smart irrigation system linked to weather satellites to 20 wind turbines that provide a small slice—currently about 2%—of the company's energy needs.

But the payoff has been substantial: electricity use reduced 39%; landscaping

water use down 76%; domestic water use cut 38%; and a whopping 98% of waste recycled or composted.

More surprising, there's a kicker to all this that has nothing to do with environmental benefits or lower utility bills. The company discovered that its efforts have made both its employees and its neighbors—two groups that were increasingly concerned about sustainability—feel good about Adobe, viewing it as a company that shares their values, and acts on them. Now Adobe is applying the same conservation principles to its entire business. Says Michelle Mann,

the company's director of corporate social responsibility: "It's the best CSR example you can get."

In C-suites across the globe, sustainability—the idea of meeting present needs without hindering the ability of future generations to meet theirs—is getting decision-makers' attention. And little wonder. As they look at the examples, and the returns from companies like Adobe, more and more enterprises are getting the message that meeting the challenges of sustainability—providing for a world where the population is growing but the resources are dwindling—isn't just good for the planet, it's good for business. And that the key to making this win-win happen is innovation.

"As we move through an era of immense change, companies that take a fresh look at products, services, and business models will be positioned to create successful—and sustainable—businesses," says Aron Cramer, president and CEO of BSR, which works with more than 250 member companies across the globe to develop sustainable business strategies and solutions. Indeed, innovation is so

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essential to sustainability that BSR's annual conference—to take place Nov. 2-5 in New York City—will be focused around the theme “Innovate. Integrate. Inspire.” Says Cramer: “In our view, business leaders in the years ahead will use sustainability as a driver for innovation.”

Already, success stories are easy to find. Toyota tackled the problem of gas-guzzling cars and came up with the Prius, a hybrid electric-gasoline car that didn't just offer better fuel efficiency than rivals but would also become the best-selling automobile in Japan in 2009. Boeing, which used composite materials and advanced technologies to design its 787 Dreamliner to be 20% more fuel-efficient than older planes, booked more than 800 orders before the first model was delivered, making it the fastest-selling wide-body aircraft in history.

**KEY CORE VALUES**

All of these stories demonstrate the crucial link between sustainability and innovation. They also show the enormous

success that is possible when companies weave sustainability into the very core of their work—into every new design, decision, and process.

“The companies that really get it have integrated sustainability into their business and see an opportunity to use CSR to create value,” says Kara Hurst, vice president of BSR. A key part of integrating sustainability into innovation, she adds, is inspiration. “It's not enough to champion a sustainability agenda inside your business yourself,” says Hurst. “You have to inspire others to do the same.”

And you have to do it now. “Sustainability is really the underpinning of a company's ability to operate in the world we are in today,” says Hurst. The companies that don't get this won't just miss opportunities. They'll be less competitive.

**DRIVING CHANGE**

Put 10 entrepreneurs in a room and you'll likely get 50 different business models. But on one thing they'll agree: the bigger the challenge, the bigger

the reward for those who solve it. And we're facing some mighty big challenges. About 70% of the world's electricity is generated from carbon-emitting fossil fuels (which, by the way, won't be around forever). Our water supply—to many people's surprise—is increasingly coming under stress; so much so that by 2025, 40% of the world's population will have difficulty obtaining sufficient water. And perhaps the most ominous figure of all: Our consumption patterns outpace the planet's ability to regenerate resources by 30%. That's sobering enough today, with a global population of 6.8 billion people. Now imagine the situation in 2050, when nine billion people will be living across the globe.

Meeting these challenges won't just result in a better future for the planet. It will mean new customers, markets, success stories, and profits for the businesses that innovate, integrate, and inspire.

We're at a good time to put BSR's theme into action, too, for a perfect storm of factors is helping to prod sustainability initiatives. First and foremost, perhaps, was the economic downturn, which spurred companies to look for savings. For many of them, energy conservation efforts became a low-pain way to do that. The ROI can be enormous, something Adobe can attest to. After making a \$200



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—Aron Cramer,  
president and CEO of BSR 



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modification to exhaust fans in its San Jose campus garages, Adobe was able to shave approximately \$98,000 off its energy bill annually.

"The financial problem has led to a strong acceptance of energy efficiency and resource efficiency as ways to reduce costs," says sustainability expert Paul Gilding. "It's an idea that five years ago was pursued only by the most forward-thinking companies. Now it's mainstream."

Then there was last year's climate change conference in Copenhagen. It was supposed to end with a global consensus on emissions reductions. It didn't.

But something important did happen: All countries—developed nations like the United States, developing ones like China and India—agreed that they had to act on climate change. That's cause for optimism. Although we aren't seeing a global response, we are seeing national action: individual countries recognizing that they need to encourage sustainability efforts or be left behind. Many, particularly China, are actively working to spur innovative solutions.

For business, the benefits, necessity, and momentum of sustainability impart one essential lesson: Don't wait—take action now.

a new product. Think about how you can incorporate sustainability into those goals. Then communicate the value of doing so, both internally and externally. If you can do that, it's a huge win."

A manufacturer, for example, could look at how it can reduce the amount of packaging it uses when shipping a product. Or how component inventories can be better managed to reduce waste. Or how an end-of-life product can be recycled or reused. All of these strategies fall under what BSR calls sustainable consumption—the idea that we need to build and use products in ways that don't tax already overtaxed resources. The success stories here, as detailed in BSR's recent report, "The New Frontier in Sustainability: The Business Opportunity in Tackling Sustainable Consumption," make good reading. At Subaru's automotive plant in Indiana, 99% of waste is now recycled, with the other 1% turned into electricity.

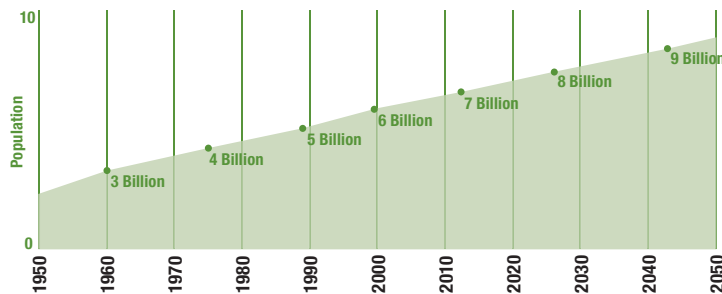
And then there is Syngenta, one of the world's leading agribusinesses, where sustainability isn't just a company goal or value, but its motto: "Grow more from less." Indeed, perhaps there is no field that better demonstrates the necessity for, and potential of, sustainable consumption than agriculture. Here statistics are ominous, too: To feed the nine billion people of 2050, we'll need twice the amount of almost every crop we're producing now. But we'll have 30% less land per capita for farming.

"We have a finite amount of land that can be dedicated to agriculture, and we're pretty much there now," says Michael Mack, Syngenta's CEO. "Water is the other key factor. About 70% of the freshwater in the world is used for agriculture purposes, and we won't have any more of that, either."

But Mack thinks we'll be able to provide the additional food we'll need, nonetheless. It's going to take some work and commitment. "We have to be innovative and use new technologies

## A Global Population Boom

By 2050, the world will have two billion more mouths to feed, two times more food to produce, and 30% less land per capita available for farming.



Source: U.S. Census Bureau, International Database

**Here in the U.S., our own population is projected to grow by nearly 40% by 2050, escalating competition for land, water, and other natural resources.**



### PLOT A STRATEGY

But where, exactly, should one start? Sustainability initiatives can pay huge dividends when carefully planned and executed, but companies that don't manage the process well, or wade into unfamiliar waters, can quickly find themselves overwhelmed and disappointed, jeopardizing not only their current efforts but future ones, too.

Hurst's advice is to begin with existing goals: "Take the annual report, look at the objectives for the year, and figure out how you can deliver them in a more sustainable way. Say you want to increase your presence in a new market or launch



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to grow more from less," he says. "So that's what we're focusing on."

One promising Syngenta seed technology just rolled out in July. Called Agrisure Artesian, these corn plants use available water more efficiently, resulting in improved yields on drought-stressed land. Improving yields is important, as in 2007 alone the U.S. lost more than \$30 billion worth of crops due to drought. Making more productive use of farmland in the U.S. and elsewhere—especially developing nations where the bulk of the population growth will occur—will be a key strategy in meeting agriculture's sustainability challenges.

The technology may be new, but the innovating isn't. Syngenta has a history of sustainability-enhancing breakthroughs, including crop protection products that guard against insects, weeds, and disease. By improving crop yield, they, too, boost a

**Overseeing sustainability efforts is crucial to success. Many companies are appointing a director of sustainability to run programs and keep management in the loop.**



farm's overall productivity.

"The goal is to feed people today while making sure we can feed them in 2050, too," says Mack. "That's the ultimate in sustainability."

**LEVERAGE KNOW-HOW**

Even when considering initiatives that don't directly affect their bottom line, companies should look at their own areas of expertise. Because it's what they already do well, it could well be their best chance for success.

Adobe, for example, is a global leader in multimedia and collaborative software. When the company was looking for a way to help youth in underserved areas become active and engaged members of their communities, it focused on creativity and self-expression. The program it developed, Adobe Youth Voices, turns multimedia tools into a vehicle for commentary, showing the young how art, design, and expression can be used to address societal issues. Since 2006, the program has engaged more than 27,000 youth and 1,500 educators. In 2009, youth-created content was featured in film festivals in San Francisco and Seattle.

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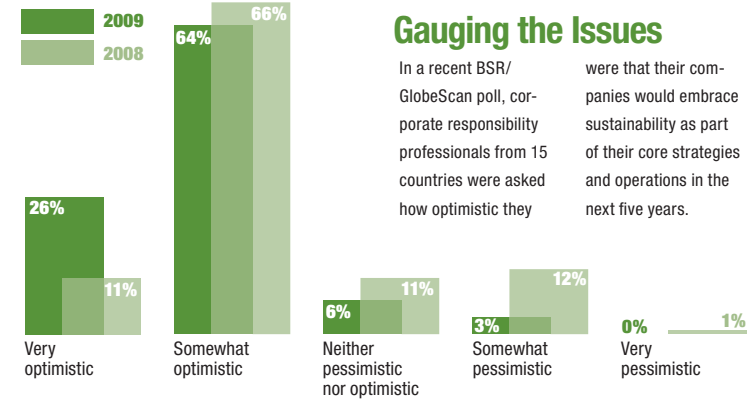


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"Adobe Youth Voices is a great opportunity for young people to comment on issues that matter to them and inspire the next generation of leaders and engaged citizens," says Mann.

Companies are also finding that careful attention to how and where they oversee sustainability efforts is crucial to success. Many businesses will appoint a director of sustainability or the like to run the programs and keep management in the loop. And, no doubt, many innovative and well-run initiatives have resulted. But other companies say it is necessary to go further—that there has to be hands-on involvement, discussion, analysis, and accountability at the highest levels of the organization.

That's been the road taken by BNY Mellon, a leading asset management and securities services company that traces its corporate—and social responsibility—roots back to 1784. "CSR is some-



Gauging the Issues

In a recent BSR/GlobeScan poll, corporate responsibility professionals from 15 countries were asked how optimistic they

were that their companies would embrace sustainability as part of their core strategies and operations in the next five years.

Source: BSR/GlobeScan State of Sustainable Business Poll 2009

thing we've been doing from the start," says Gerald Hassell, BNY Mellon's president. "We made the first loan to the U.S. government, helped build the Erie Canal, and supported social programs

since our founding."

Today BNY Mellon has a multifaceted program. Through Powering Potential—which supports organizations including the Children's Aid Society, Best Buddies,

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**A perfect storm of factors has driven sustainability initiatives. Among them, the downturn, which has forced companies to cut costs while saving the planet.**



Life's Work of Western Pennsylvania, and Help USA—it helps disadvantaged members of the community broaden their career options through job training and skills development, and provides

food, clothing, and housing assistance to those in need.

BNY Mellon has also launched an ambitious environmental initiative, which last year recycled more than 5.2 million pounds of waste. And to incite employees to effect social change, the company gives paid volunteer time as well as matching gifts for individual donations and team fundraising. "We highly encourage them to do it," says Hassell. "They feel a sense of commitment to the community and a sense of pride in being associated with a company that shares that commitment. It makes all of us—our communities, our employees, our company—stronger."

But perhaps it's the way BNY Mellon runs its sustainability efforts that is most noteworthy. Three years ago it created a special CSR Committee within its board of directors, tasked with reviewing, monitoring, and even tweaking corporate

social responsibility initiatives. Involving the board, says Samuel C. Scott III, a member of the committee and former CEO of Corn Products International, provides a host of benefits: "We bring in different experiences and provide suggestions and ideas. We spark dialogue, ask for clarity around programs, look at best practices, and challenge goals and strategies. We track performance and hold management accountable. When you do all this, you get good results."

That's cause for optimism, too. When you consider a world where the population is booming but resources are dwindling, one other lesson becomes clear: When it comes to sustainability, we're going to need all the good results we can get. —Alan Cohen

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