



Business solutions for  
sustainable development:

# Case Examples

from Global Compact LEAD Companies



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## The Global Compact LEAD

The UN Global Compact was launched in 2000 to challenge businesses to support 10 principles regarding human rights, labor, the environment and anti-corruption. More than 8,000 companies around the world are signatories. In 2011, the GC announced Global Compact LEAD, an exclusive network of about 50 businesses on the cutting edge of integrating sustainability into their business strategies and operations. Novozymes is a Global Compact LEAD company.

## Sustainable Development Goals

In 2000, UN member nations unanimously adopted eight Millennium Development Goals to tackle poverty, hunger, education, equality, health and the environment. In 2015, the UN announced 17 Sustainable Development Goals to update the MDGs in addressing the world's greatest needs. The SDGs have 169 specific targets for achievement by 2030.

## Best Practice Institute (BPI)



Best Practice Institute is an association, think-tank and peer network of senior executives and leaders of Fortune 500 organizations from around the world who are dedicated to purpose-driven, people-centered change. CEO and Chairman Louis Carter founded BPI in 2001 along with senior executives from Pfizer, Corning, GSK, Bank of America, Volvo, Gap, GE, Boston Scientific and leading Ivy League professors.

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# Braskem Working While the Market Catches Up

Since the Brazilian petrochemical giant, Braskem, began producing “green plastic” in 2010, the company has become the world’s largest producer of biopolymers. By 2020, Braskem intends to be the global leader in sustainable chemicals.

However, Jorge Soto, the company’s Sustainable Development Director, said Braskem’s commitment to sustainability extends far beyond producing environmentally friendly products.

“Our commitment is much stronger and broader than that,” he said. Soto referenced the company’s Ten Macro-Objectives for Sustainable Development, adopted in 2013 with a 2020 target date.

“We have targets related to water efficiency, climate change, water use, energy efficiency. We have a broad view of the ways Braskem can contribute to a sustainable world. All of these aspects are very important to us. In each of them we have achieved important results.”

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## Big Presence in Many Categories

Braskem S.A., headquartered in São Paulo, Brazil, was formed in 2002, the product of a consolidation of six companies. More acquisitions and mergers since then have made Braskem Latin America’s largest petrochemical company, the largest thermoplastic resins producer in the Americas, and the largest biopolymer producer in the world. The company produces more than 16 million tons of thermoplastic resins and other chemical products each year.

Major uses of Braskem’s polyethylene, polypropylene, and polyvinyl chloride include consumer goods, food



*Jorge Soto, has served as Sustainable Development Director at Braskem since 2009. He is co-chair of the International Organization for Standardization’s technical committee on sustainable purchasing. He is former president of the UN Global Compact Network in Brazil.*

*Soto has a PhD in sustainable development, a master’s in business administration and a master’s in chemical engineering. He works at Braskem headquarters in São Paulo.*

## Braskem Timeline

**2002**

Braskem founded.

**2007**

Joined the UN Global Compact.

**2007**

Developed technology to produce green ethylene from sugarcane.

**2010**

Green polyethylene plant begins operation in Triunfo.

**2011**

Braskem committed to Global Compact Caring for Climate Initiative

**2013**

Braskem announces its Ten Macro-Objectives for Sustainable Development.

**2014**

Braskem committed to Carbon pricing initiatives from Global Compact and from World Bank

industry packaging, automotive parts, and construction materials.

The company has more than 8,000 employees working at its plants, technology centers and offices throughout Brazil and Latin America, as well as in the U.S., Germany, The Netherlands, and Singapore.

## Braskem's Sustainability Journey

Sustainability has been a central tenet of Braskem's mission since the company's founding, Soto said.

When the company was established in 2002, shareholders publicly announced their intention to be a company committed to sustainable development.

Why? According to Soto, the reputation of the chemical industry had been tarnished by some producers' harmful products and processes. "The shareholders wanted to say to the public, this company will be different."

Braskem also recognized that there are great business opportunities for a chemical company that positions itself in the sustainable development space, Soto said.

## Green Ethylene Plant in Triunfo

Braskem began producing environmentally friendly products in 2007 when the company developed the technology to produce plastic resins from sugarcane. In 2010, the company began production of green plastic at its green ethylene plant in Triunfo, in the south of Brazil. Green ethylene is produced from sugarcane ethanol and is then polymerized into polyethylene, resulting in "green plastic."

Braskem's Green Polyethylene offers several sustainability advantages. It is renewable offering an alternative to petrochemicals, which are in finite supply. It is recyclable, which allows it to have a positive carbon balance. In other words it captures CO2 from the atmosphere.

There are other biopolymers that can be partially renewable, or biodegradable.

Braskem's Triunfo plant is the world's largest plant producing ethylene from 100% renewable raw materials. It has the capacity to produce 200,000 metric tons of green plastic per year.

## 2012 – a Pivotal Year

Two events in Rio de Janeiro, one a decade before Braskem's founding and the other a decade after, pla-



*Braskem Ethanol-to-Ethylene Plant, Brazil*

played an important role in Braskem's sustainable development journey.

In 1992, the UN convened the Conference on Environment and Development, popularly called the Earth Summit, in Rio de Janeiro. The 12-day event focused the attention of 172 participating governments on climate change and biodiversity. The conference was monumental in size and scope.

In 2012, 20 years after the Earth Summit and ten years after Braskem's founding, the UN organized "Rio+20," the UN Conference on Sustainable Development that was also held in Rio de Janeiro.

Many of Braskem's predecessor companies had been involved in the 1992 conference, and Braskem was energized by the 2012 conference. The next year, Braskem announced its Ten Macro-Objectives of Sustainable Development.

The ten objectives have goals with 2020 target dates related to production of biopolymers, recycling of plastics, lowering greenhouse gas emissions, energy efficiency, water efficiency and occupational safety ("safe chemistry").

*JORGE SOTO: "There is a huge opportunity to do business in a different way that certainly will bring a good position for those companies that move first in the near future."*

In addition to the ambitious range and nature of Braskem's objectives, one notices a common thread running through the Braskem manifesto. Each goal statement has wording such as "to be recognized as a leader" or "to be recognized as a reference" or "to be among the best large chemical companies in the world" in terms of each objective.

Braskem intends to be a world leader, not only in producing thermoplastics and other chemical products but in setting the pace and example for sustainable development within the chemical industry. Braskem has declared its intention to be an example and reference point among peers and to have a similar impact in the local communities where it operates and among the clients with which it works.

JORGE SOTO: “Sustainability can make good business sense. If you innovate to bring new products with positive contributions for sustainability considering its three dimensions (economic, social and environmental), you will succeed.”

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## Braskem’s Motives for Sustainable Development

Today, Braskem is working toward the full integration of sustainable development into the business strategy. “If a chemical company doesn’t pay attention to sustainability, it will fail,” Soto said. “If you don’t manage the risk of the products, and the risk of the process, and the risk of the relationship with the stakeholders, you will fail.”

“There is a huge opportunity to do business in a different way that certainly will bring a good position for those companies that move first in the near future,” Soto said. “That future is not here yet, but it is arriving. The first movers will be in the best position.”

Sustainability is now a consideration in every decision and every investment the company makes, he said.

“Sustainability can make good business sense. If you innovate to bring new products with positive contributions for sustainability considering its three dimensions (economic, social and environmental), you will succeed.”

The goal for now needs to be on encouraging peer companies to advance in integrating sustainability into their own businesses.

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## Working while the Market to Catches Up

Braskem is disappointed that the market so far has not responded as enthusiastically to green plastic as the company expected. Braskem operates 36 plants, but only one is dedicated to producing biopolymers.

Like some other major corporations that are pursuing sustainability in earnest, Braskem would like to see more policies and regulations that incentivize companies to integrate sustainability. Carbon pricing is one solution Soto mentioned. That would level the playing field, making it easier for companies that are focusing on sustainability to compete.

But as he discusses Braskem’s future, there is no apparent frustration or concern in Soto’s voice. The world is unquestionably moving in the direction of sustainability. Soto feels confident that Braskem well-positioned to thrive in this future. It is working while the market to catches up.

# Novartis is Expanding Healthcare to the World's Poorest Citizens through For-Profit Programs

"Goal 3: Ensure healthy lives and promote well-being for all at all ages" is one of the UN's 17 Sustainable Development Goals. Global healthcare giant Novartis International produces more than 1,000 pharmaceutical products which contribute to the world's health and wellness.

For Novartis, then, the priority challenge of sustainable development is this: How can the company expand access to its medicines to even more people, especially people who live in poverty or are otherwise deprived of healthcare?

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## Top of the List: Access to Healthcare

Novartis International AG is the world's largest pharmaceutical company, with annual sales of about \$58 billion (U.S.) in 2014. The company, headquartered in Basel, Switzerland, has more than 130,000 employees worldwide.

Novartis has a multitude of worthy programs that promote sustainable development -- from carbon sink projects in Argentina and China to its Living Wage Initiative to women's empowerment (40% of company managers are women). However, providing greater access to healthcare is at the top of Novartis's sustainable development list.

"When we talk to people outside the company," said Charlie Hough, the company's Vice President and Global Head of Strategy and Stakeholder Engagement, "they tell us, 'It's great that you are reducing your carbon footprint and greenhouse gas emissions. But that's not your big issue. You're not a big polluter and

not a huge user of resources. Your big issue is expanding access to medicine.'"

Novartis is a world leader in corporate philanthropy. Working with the World Health Organization, the company has delivered 700 million malaria treatments without profit since 2001 and 5 million multidrug therapy treatments to leprosy patients for free. Due to such efforts by Novartis and other companies, malaria deaths have been cut in half in this century and



*Charlie Hough, is Vice President and Global Head of Strategy, Corporate Responsibility at Novartis. He has been with Novartis since 1999 and is based in New York.*

**HOUGH:** "One billion patients. That's good, but there are another 6 billion people in the world."



## Novartis Timeline

**2000**

Novartis became a charter signatory of the UN Global Compact.

**2006**

Business thought leader C.K. Prahalad challenged Novartis executives to rethink their perspective on “the bottom of the pyramid.”

**2007**

Social Business Group launched with Arogya Parivar (“Healthy Family”) in India.

**2012**

The Healthy Family model was replicated in Kenya and Vietnam.

**2014**

Novartis establishes its Access to Medicine Committee.

**2014**

Healthy Family program begun in Indonesia.

leprosy has been statistically eradicated (less than 1 case per 10,000 people).

Novartis manufactures products to address each of the world’s top 20 diseases, and its products have reached about 1 billion people in 2014.

“One billion patients. That’s good,” Hough said, “but there are another 6 billion people in the world.”

## Philanthropy Alone Won’t Meet the Need

The beneficence of Novartis and other responsible corporations has led to remarkable success in the fight against malaria and leprosy, but philanthropy alone is not enough to address the world’s greatest problems.

*HOUGH:* “There has been a long history of caring about sustainability at Novartis, much of which has been core to our business strategy.”

In 2014, Novartis established its Access to Medicine Committee with the mandate to develop strategies to reach more of the world’s underserved people. The Committee is chaired by CEO Joseph Jimenez and has members representing each of the company’s three divisions.

Even before formation of the committee, Novartis was pioneering ways to expand access through profit-generating programs that are therefore financially sustainable. For-profit programs have the potential to expand rapidly and thus reach millions of people who are not being reached through corporate philanthropy.

Novartis calls these for-profit programs “social ventures.” Many sustainability experts describe such programs as “creating shared value.”

An example of a for-profit program that Novartis launched is called “Arogya Parivar”, which means “Healthy Family” in Hindi, in India in 2007. Goal of the award-winning program is to reach impoverished people in isolated rural areas who do not have access to and/or cannot afford healthcare.

Many people in rural India earn less than 2 dollars a day. Novartis developed a marketing strategy to offer its medicines to low-income people at lower prices and in smaller quantities. Differential pricing -- offering products at lower prices to the world’s poorest citizens -- was not a new idea. However, Novartis’s innovation extended to hiring and training indigenous people to teach their neighbors about disease prevention and treatment and to create the marketing and

**Novartis addresses each of the world's top 20 diseases, and its products have reached about 1 billion people.**

**Novartis delivered:**

**700**

million malaria treatments



**Results:**

Malaria deaths cut in half in this century

**5**

million multi-drug therapy treatments for leprosy patients



Leprosy has been statistically eradicated (less than 1 case per 10,000 people)

Working with the World Health Organization, the company has delivered 700 million malaria treatments without profit since 2001 and 5 million multidrug therapy treatments to leprosy patients for free. Due to such efforts by Novartis and other companies, malaria deaths have been cut in half in this century and leprosy has been statistically eradicated (less than 1 case per 10,000 people).

Novartis manufactures products to address each of the world's top 20 diseases, and its products have reached about 1 billion people.

distribution networks needed to make those products available.

Arogya Parivar became profitable in less than three years. The program has reached tens of millions of people in rural India. Sales have grown by a factor of 25 since the initial year. The program has been replicated in Vietnam and Kenya in 2012 and Indonesia in 2014.

## Rethinking the Bottom of the Pyramid

Hough said a turning point in Novartis's approach to expanding access to healthcare came in 2006, when business thought leader C.K. Prahalad spoke to the company's executive committee.

Prahalad, who was born in India and died in 2010, was Professor of Corporate Strategy at the University of Michigan's Ross School of Business. He wrote the 2005 book, *The Fortune of the Bottom of the Pyramid*, in which he characterized the world's poorest citizens as an untapped market for entrepreneurial initiatives that address problems in financially sustainable ways. The book's subtitle is, "Eradicating Poverty Through Profits."

Prahalad wrote that 4 billion people, the majority of the world's population, earn less than \$2 a day, and that that vast market is mostly unreached by the world's largest corporations.

"That was a pivotal moment," Hough said of Prahalad's visit with Novartis execs. "That inspired the CEO at the time, Daniel Vasella, to try to provide medicine and education in a for-profit way, not just through philanthropy."

Arogya Parivar was launched the next year. Several years after Prahalad's visit, when discussing Novartis's Social Business Group, Hough still describes the program in terms of "reaching deeper into the income pyramid than a traditional pharmaceutical company would try to reach."

The programs not only expand healthcare access but also provide jobs, both of which spur a region's development. For Novartis, there is also a long-term rationale for social business enterprises like the Healthy Family programs.

"We are building relationships, building core businesses, having an impact, getting to know how the business operates," Hough said. "As the middle-income population continues to grow, we will have a great opportunity to expand our core business in those regions, because we will have already been operating



*Novartis Corporate Headquarters in Basel, Switzerland*

there for a long time.”

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## The Differential Pricing Challenge

One challenge to social business ventures like the Healthy Family programs is how stakeholders perceive differential pricing. Offering medicines to low-income people at prices they can afford (i.e., prices the market can bear) is an essential aspect of the social business approach and fundamentally different than providing healthcare philanthropically at low or no cost.

Differential pricing generates profits that pay the incomes of the indigenous workers who carry out the programs' education, marketing and distribution. That makes the program financially sustainable and expandable.

However, some developed countries use reference pricing (comparing what other countries are paying for the same products) to regulate or negotiate the prices their citizens pay for the same pharmaceuticals. Hough said Novartis stakeholders support differential pricing in theory, but also reference the differential to seek lower prices for themselves.

“Stakeholders want it both ways,” Hough said.

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## The Future: More Access

More access to healthcare is Novartis's current and future goal. That means continuing to develop innovative ways to reach the majority around the world who are at the bottom of the pyramid.

It also means a greater emphasis on expanding access to Novartis products that treat noncommunicable diseases, including cardiovascular diseases, cancers, respiratory diseases and diabetes. NCDs kill 38 million people a year, and the victims are disproportionately among low-income and middle-income countries.

Novartis will continue to pursue sustainable development in a broad variety of ways, from philanthropy to responsible hiring and compensation practices to cost savings through responsible use of resources. Novartis certainly intends to continue exploring social business models like the Healthy Family programs.

As Prahalad wrote: “What is needed is a better approach to help the poor, an approach that involves partnering with them to innovate and achieve sustainable win-win scenarios where the poor are actively engaged and, at the same time, the companies providing products and services to them are profitable.”

# Novozymes Proves that Sustainability Pays

Many global corporations have embraced sustainability as not just the right thing, but the smart thing to do to advance their businesses. But few companies have gone as far as Novozymes, which has identified sustainable development as the very reason the Danish global biotech exists.

"The purpose of Novozymes is to deliver solutions to the most pressing needs of the world, make a profit from doing so and invest in solving more problems," said Claus Stig Pedersen, the company's Head of Corporate Sustainability.

On its website, Novozymes preaches that "sustainability pays." The company's business metrics provide the proof, including annual organic sales growth of 7% and an EBIT margin of 27%.

Novozymes is the world's leading producer of industrial enzymes and microorganisms. The company, headquartered near Copenhagen, had 2014 annual revenue of \$1.9 billion (U.S.). It has 6,500 employees running eight production facilities on four continents, as well as affiliate and sales offices in about 30 countries.

Novozymes produces industrial enzymes and microorganisms used in a broad spectrum of industries. The company produces about half of the world's supply of industrial enzymes. Its biosolutions are used in everything from detergents to baking goods to textiles.

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## Helping Customers Advance Sustainable Development

Novozymes achieves its sustainability objectives by helping other companies achieve theirs. As custo-

mers' commitment to sustainability grows, so does the market for Novozymes products.

Enzymes and microorganisms used in industrial processes typically replace harsh chemicals, reduce energy consumption and enable better utilization of raw materials. For example, one of the primary uses of industrial enzymes is in detergents and cleansers, in which enzymes make it possible to achieve desirable results with lower water temperatures, lower water consumption and less chemical surfactants.



*Claus Stig Pedersen, Head of Corporate Sustainability at Novozymes, chairs the company's Corporate Sustainability Board, composed of the top executives of the company's key functions.*



Bioenergy -- bioethanol and biodiesel -- is a growing part of Novozymes' product portfolio. Enzymes enable the conversion of agricultural waste products and optimize the conversion of grains into biofuels. Replacing fossil-based fuels with biofuels slashes harmful carbon emissions. Bioenergy is an official priority solution of the UN-World Bank Sustainable Energy for All initiative, in which Novozymes is a founding partner.

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### The Triple Bottom Line

When Novozymes was created in 2000 through a three-way demerger of Novo Nordisk, the new company maintained its former parent's commitment to sustainable development.

"Sustainable development was deeply rooted into the culture and priorities of the company," said Pedersen. "There was a desire to be a really responsible company."

In 2009, Novozymes announced its ambition to "change the world together with its customers," moving sustainability to the front of Novozymes' value

*"If companies would realize how much opportunity for business there is in helping to meet the needs of the world, that would be fantastic. There are so many opportunities for business in making the world a better place."* *CLAUS STIG PEDERSEN*

proposition to its customers. The new ambition was supported by a strategy "to drive the world toward sustainability," with three focus areas:

1. Making the world aware of the sustainability benefits of biotechnology,

## Novozymes Timeline

**2000**

Novozymes created as independent company in three-way demerger of pharmaceutical Novo Nordisk.

**2001**

Novozymes joins UN Global Compact.

**2009**

Novozymes launches a new ambition and strategy to “change the world together with its customers” and “to drive the world toward sustainability,” setting goals and targets with a 2015 deadline.

**2013**

Novozymes has major restructuring, including embedding the corporate sustainability department in the Business Development function.

**2015**

Novozymes unveils Partnering for Impact, its new business strategy with updated sustainability goals and targets.

2. Creating new business from sustainability, and
3. Building sustainability capabilities across the organization to enable all employees to contribute.

Novozymes developed a wide range of performance targets, with corresponding bonus and stock option programs for employees and management. Pedersen said one important result of this effort was succeeding in decoupling growth in sales and profits from growth in energy, water consumption, and CO2 emissions.

Novozymes customers reduced their CO2 emissions by a combined total of 60 million tons in 2014. That is equal to taking 25 million cars off the roads.

## Lessons Learned

Pedersen said the company has learned some lessons along the way, which he would pass along to companies seeking to follow Novozymes' example of strategic sustainability.

- **Make sure top management takes ownership.** It takes true engagement and ownership by top management to identify and develop opportunities that will succeed from both a business and sustainability perspective. Novozymes has a cross-functional Corporate Sustainability Board. The board, chaired by Pedersen, has eight members, all senior leaders who head the company's key functions, including business development, finance, production, marketing and procurement.

When senior leaders develop the company's sustainability targets and programs, are responsible for implementing them and are held accountable for their success, business and sustainability become linked from the top down.

- **Make the business case.** How do you get senior executives driven by production and profit targets to genuinely buy into sustainability? By making the business case, Pedersen said.

One thing Novozymes' top leaders have seen is that by gaining a reputation as a sustainability leader, Novozymes has been invited into the C-suite offices of top corporations for strategic discussions on how they can achieve their sustainability goals. Customers and partners with which such sustainability dialogues have taken place include Walmart, Unilever, Procter & Gamble and Cargill.

Another business benefit is the pride Novozymes' employees feel from contributing to making a more sustainable world. In a business environment in which companies compete to recruit and retain talent, corporate pride can be invaluable.

- **Partner with customers and other entities.** The biggest recent change in how Novozymes approaches sustainability is a greater emphasis on partnerships.

Novozymes recently unveiled its new business purpose: “Together, we find biological answers

“Together, we find biological answers for better lives in a growing world. Let’s rethink tomorrow.”

*NOVOZYMES’ NEW PURPOSE STATEMENT.*

for better lives in a growing world. Let’s rethink tomorrow.” It also announced a new formulation of its business strategy: “Partnering for Impact.” Those expressions underscore Novozymes’ belief that achieving sustainable development requires collaboration between the public and private sectors. A prime example is the Sustainable Energy for All initiative.

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## Future Plans

As the company developed its new purpose, strategy and 2020 targets, Pedersen said Novozymes was inspired by draft versions of the UN’s Sustainable Development Goals. Novozymes is systematically aligning several of its business priorities directly to the SDGs.

The company forecasts continued significant sales and earnings growth while achieving major environmental and social objectives. In other words, sustainability that pays.

Novozymes’ new 2020 sustainability goals include:

- A combined reduction of 100 million tons of CO2 emissions by Novozymes customers.
- Reach 6 billion people -- more than 85% of the current world population -- with its biological solutions.
- Educate 1 billion people about the potential of biology.
- Develop and deliver 10 transformative innovations.

“Too many see sustainability as a limitation on business,” he said. “We need to change that mindset and start seeing sustainability as a business opportunity.”

“There are probably just 50 to 100 companies that really get it today. But the number is growing fast. The new UN Sustainable Development Goals, which Novozymes helped to develop, will hopefully supercharge that trend.”

# Tata Group's Success, Longevity Attributed to Commitment to Sustainable Development

The terms "sustainability" and "sustainable development" emerged in the 1970s to describe progress that does not compromise the future. However, many decades before these modern terms, the Indian conglomerate, Tata Group, pioneered a unique approach to business that elevated the needs of society to a place of importance which rivalled the drive for profits.

Jamsetji N. Tata famously said, "In a free enterprise, the community is not just another stakeholder in business but is in fact the very purpose of its existence."

That statement poses a challenge to the 21st century business world, yet Jamsetji Tata lived 150 years ago, founding what has become the Tata Group in 1868.

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## 100+ Companies Return Wealth to Society

The Tata Group today is a conglomerate of more than 100 companies which operate in more than 100 countries on six continents. Its diverse operations include Tata Steel, Tata Motors, Tata Power, Tata Chemicals, Tata Global Beverages, Tata Teleservices and Tata Communications.

Tata Group, based in Mumbai, Maharashtra, India, has more than 600,000 employees worldwide and had 2014-2015 revenue of \$109 billion.

Tata Sons is the holding company that has a majority interest in the companies that form the Tata Group. Remarkably, 66 percent of Tata Sons equity is held

by philanthropic trusts that return Tata wealth to society.

It would take hundreds of pages to list all of the Tata-sponsored social programs and initiatives, past and present, including poverty programs, healthcare projects, hospitals, immunization and childcare services, AIDS awareness, schools and training centers, literacy programs, scholarship programs, rural deve-



*Shankar Venkateswaran, became chief of the Tata Sustainability Group in 2014. Venkateswaran is former director of the think tank-advisory firm, SustainAbility; former executive director in India of the American India Foundation, a nonprofit fighting poverty; and is founder and former CEO of Partners in Change, a nonprofit that promotes corporate responsibility.*



## Tata Timeline

**1868**

Jamsetji Tata founded the business that has become Tata Group.

**1892**

Jamsetji Tata established the J.N. Tata Endowment to provide scholarships to Indian college students. It was the first Tata philanthropic initiative, and still operates today, assisting about 120 scholars per year.

**2001**

Tata Steel becomes the first Tata company to join the UN Global Compact. Today 15 Tata companies are participants.

**2003**

The Tata Index for Sustainable Human Development, after many years of development, is deployed.

**2014**

Tata Sustainability Group formed.

“In a free enterprise, the community is not just another stakeholder in business, but is in fact the very purpose of its existence.”

JAMSETJI N. TATA (1839-1904),  
TATA GROUP FOUNDER

lopment, water conservation, reforestation, sports programs, and disaster relief.

Tata Group's mission statement echoes the sentiment of its founder: “To improve the quality of life of the communities we serve globally through long term value creation for all stakeholders.”

## Commitment Runs Deeper Than Typical Drivers

In January 2014, the Tata Sustainability Group was formed to lead and expand Tata Group's sustainable development efforts.

Shankar Venkateswaran, who joined Tata to become chief of the TSG, said sustainable development has been integral to Tata Group's business strategy for more than a century. When pressed to evaluate the companies' sustainability efforts in terms of typical business rationales, Venkateswaran resisted. While many companies are driven to pursue sustainable development in response to pressures from customers, government regulations and/or investors, he said Tata's drivers are internal. “It is our core value.”

Venkateswaran said sustainable development -- responding to the needs of its stakeholders and their communities -- is the key to Tata companies' success and century-plus longevity.

“The reason we are more than a 100-year-old group is because of the way we have responded to society and increasingly to the environment,” he said. “We know for a fact -- we don't need anyone to prove it to us -- that by being sustainable, we stay in business and stay profitable. That's the secret of our longevity as a group.”

## Tata Sustainability Group

The Tata Sustainability Group, a division of Tata Sons, was created to continue driving sustainability across the group. TSG's stated goal is to provide leadership



Tata Global Corporate Headquarters in Mumbai, India

“No success or achievement in material terms is worthwhile unless it serves the needs or interests of the country and its people.”

J.R.D. TATA (1904-1993), FORMER CHAIRMAN, TATA SONS

to all Tata companies in embedding sustainability into their business strategies.

TSG helps individual Tata companies achieve their sustainability goals, and it also leads group-wide efforts, such as Tata Group's volunteering and disaster response programs. It creates policies and makes recommendations regarding group companies' sustainable development efforts.

Although Tata claims to have had sustainable development in its DNA for more than a century, the company is not taking the future for granted. The Tata Sustainability Group is aggressive in training the companies' future leaders and employees in sustainable development. Its methods to achieve that include:

- **The Tata Index:** The Tata Index for Sustainable Human Development is one tool TSG has used to drive sustainable development across the Tata Group. The index, created in cooperation with the UN Development Program, defines objective measures for assessing Tata companies' community initiatives. The index provides a standardized measure to quantify progress made in sustainable development efforts. The goal is to drive continuous improvement in sustainability.

The Tata Index is undergoing a review to widen its scope beyond human development. Elements of the Index are used in the Tata Business Excellence Model, modeled on the Malcolm Baldrige quality framework, which annually assesses whe-

re companies are in their business excellence journey. Going forward, elements of the refreshed Sustainability Assessment Framework will find its way into the TBEM framework, thereby reaffirming sustainability as a core element of business excellence.

- **CEO Training:** The Tata Sustainability Leadership Program trains chief executives and board members from across Tata Group on the risks and opportunities of climate change. The three-day program is held on the campus of the University of Cambridge (UK) in partnership with the Cambridge Institute for Sustainability Leadership. About 150 Tata chief executives and board members have gone through the three-day program.
- **Sustainability Month:** Every June is Tata Sustainability Month throughout Tata Group companies. The emphasis is designed to educate and motivate team members to

pursue sustainability and to highlight what Tata companies are doing to advance sustainable development.

During the month, Tata employees are presented with the SMART 21 challenge: to take at least one SMART (Sustainable Meaningful Actions for a Responsible Tata Way) action every day for 21 days (the number of days it takes to form a habit).

If each of Tata's 600,000 employees fully embraced the challenge to perform 21 "sustainable meaningful actions," the result would be more than 12 million contributions to a more sustainable world.

The event was formerly called Tata Environment Month; the name was changed in 2014.

**“The Tata philosophy of management has always been and is today more than ever, that corporate enterprises must be managed not merely in the interests of their owners, but equally in those of their employees, of the customers of their products, of the local community and finally of the country as a whole.”**

*J.R.D. TATA (1904-1993), FORMER CHAIRMAN, TATA SONS*

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## 25 Percent by 2025

Tata Group has demonstrated a commitment to sustainable development for more than a century. Tata Sustainability Group hopes to lead Tata Group to achieve new heights of sustainable development, reaching into all functions of all Tata businesses.

Tata Group's 2025 sustainability goal is to touch the lives of more than 2 billion people, which would be 25 percent of the world's 2025 population, by improving the quality of life of its customers and their communities.

# Total Reduces Climate Footprint While Expanding Energy Access

Is it possible for one of the world's largest oil companies to be among those pointing the way to a more sustainable future for our planet?

From its headquarters in the northwest outskirts of Paris, Total S.A. directs business activities in more than 130 countries, including more than 15,000 service stations in 65 countries. The French major has more than 100,000 employees and took in \$236 billion (U.S.) in revenue in 2014.

Energy plays a major part in the achievement of a sustainable world. On the one hand, energy poses a serious threat due to carbon emissions from fossil fuels that are a contributing factor to climate change. On the other hand, energy is essential to economic development, which holds the key to reducing poverty, hunger and disease.

"Energy is central to nearly every major challenge and opportunity the world faces today," says the United Nations website. "Be it jobs, security, climate change, food production or increasing incomes, access to energy for all is essential."

That last sentence is a reference to the UN's Sustainable Development Goal No. 7, which seeks to "ensure access to affordable, reliable, sustainable and modern energy for all."

Total has declared its commitment to promote sustainable development on these two key fronts. The company is working to expand access to energy, especially in less developed areas where it is most needed. At the same time, Total is partnering with other oil companies to lead their industry in proactively contributing to finding solutions to the climate change challenge.

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## The World's No. 2 in Solar

In 2011, Total purchased a majority interest in SunPower, a California-based solar energy company. As a result, it has become the world's second largest solar power company by sales.

Additionally, in 2014, Total produced more gas than oil for the first time in the company's history. In 2015, the company stopped producing coal.

Two flagship projects -- the Oil and Gas Climate Initiative and Awango by Total -- are prime examples of Total's two-fold strategy to a more sustainable future.



*Jean-Marc Fontaine is Vice President of Social Business and Societal at Total. He works in the company's headquarters near Paris.*

## Total Timeline

2002

Total became a UN Global Compact signatory.

2011

Total acquires a majority interest in the solar power company, SunPower.

2011

Total launches the Awango by Total solar lantern program.

2014

The Oil and Gas Climate Initiative is launched by Total and four other oil companies.

the global presence to make a significant impact on climate change. "Having said that we don't expect to find any silver bullet. We are working in parallel on energy efficiency, flaring or methane emissions reductions to produce energy with lower GHG impacts, as well as on increasing the proportion of gas produced as part of the energy mix, developing renewable, enhancing our R&D on CCS or exploring new business models."

"We believe, that to make a difference, this issue will have to be tackled collectively," Perez said. "We know that we can provide solutions, but everybody will have to engage."

Perez said Total and other industry leaders actually want more visibility on the policy frameworks, in order to be able to contribute more efficiently, in a balanced manner while leveling the playing field applicable to all players in the industry. "We are pushing for it".

**"For us, a lack of regulation is a risk. Having clear and ambitious policy frameworks will make the change."**

## Will Oil Companies Make History?

The Oil and Gas Climate Initiative (OGCI) was launched in 2014 to bring the world's largest oil producers together to share best practices and to collaborate to reduce climate impact and identify climate solutions.

Total and eight other companies make up the OGCI to bring concrete solutions pushing for these changes. Together these nine companies produce more than one-sixth of the world's oil and gas.

Julien Perez, Total's Senior Coordinator and Project Director of Climate and Energy, said OGCI is going to shake up the energy space. "Total and its counterparts have already been focused on climate change for years", he said. In a 2 degree world, Total knows that all oil companies will have to move progressively toward a reduced carbon intensive economy, and Total wants to be out in front, leading the changes voluntarily.

Perez said the Oil & Gas industry has the technical expertise, the long term vision, the resources, and

## Awango by Total

While Total and other OGCI members seek to reduce the industry's impact on climate, Total is also working to expand access to energy for base of the pyramid populations.

In 2011, the Group introduced the Total Access to Energy program, which acts as a project incubator to develop innovative and economically viable solutions to improve access to energy for low-income communities in developing countries.

The first project was launched in 3 countries. Its aim was to distribute top quality solar powered lanterns via the Awango by Total program.

Since then, more than 1 million solar lanterns have been sold in 28 countries, impacting the lives of 5 million people in Africa, Asia and the Caribbean.

A 2014 survey found that 85% of Awango by Total customers consider that their solar lamp has significantly improved their daily lives.

*PEREZ:* “It is not a matter of waiting for regulation. It’s really a matter of supporting governments to implement the right policy frameworks as quickly as possible.”

In addition to the positive impact on health, quality of life and climate, which are key, the solar lanterns are an alternative to unreliable and costly energies such as candles and kerosene. They provide light for children to study at night and to enable people to charge their phones without having to leave home.

Total selects and contributes to the design of the solar lanterns from a handful of manufacturers selected based on rigorous tests. It then distributes them through the company’s service stations (4,000 in Africa) and a complementary network of Last Mile distribution channels.”

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## Social Business with Long-Term Benefits

The Group defines Awango by Total as a “social business” which, as Jean-Marc Fontaine, Vice President of Social Business and Societal at Total, explains, pays for itself and achieves a social objective.

Although the sale of solar lamps has exceeded 1 million units, sales revenue has had limited impact on Total’s financial performance. However, as Fontaine mentions, there is sound business strategy behind the project.

“For an oil company, the immediate financial benefits of the solar lamp social business are minor. We

reinvest the money into the business itself, so it can remain sustainable. The benefits are the market integration and customer knowledge that we collect in the countries in which we sell the lamps.”

The program creates a network of government contacts, distributors and other partners that already prove invaluable to Total.

Although Awango by Total’s profit is limited by design to enable affordable pricing of the solar lamps, the program is not philanthropy and has to pay for itself. “The program needs to be profitable,” Fontaine declared, “to make sure that each link of the distribution channel is adequately remunerated and that there is margin for everyone. It’s the only way to achieve sustainability.”

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## Keep Moving Forward

Fontaine expects Total’s commitment to a sustainable future to maintain momentum. OGCI is still a developing initiative. The goal will be to continue to draw more oil companies into the fold, until most of the industry is working together to fight against climate change.

Total aims to expand the Awango by Total offer to 40 countries by 2016 and to impact the lives of 25 million people in Africa by 2020 through the sale of more than 5 million lamps. The Group also plans to expand the use of the solar strips beyond lamps and phone chargers to power devices such as fans, radios and televisions.

There is one big lesson to be learned from this. Working in partnership with industry peers, multilateral institutions, governments, NGOs and entrepreneurs is a must to make a positive impact on climate change and to increase access to energy. The past has shown the importance of facing global challenges as a collective; no one body or industry can do it on its own. With its projects on the ground and responsible lobbying efforts with industry peers demonstrate Total’s commitment to global sustainable development now and in the future.