

Special



Senior executives from some of Canada’s best-known companies gather quarterly to explore strategies for continual improvement in environmental and social performance. SUPPLIED

PERFORMANCE

Group aims to excel across social, environmental and economic metrics

Canada’s leading companies understand that integrating sustainability initiatives into every aspect of the business provides a competitive advantage. But this wasn’t always the case.

John Wiebe, president and CEO of the GLOBE Foundation, says that sustainability was not in the business lexicon in the mid-1990s, and many corporate leaders felt isolated as they tried to advance sustainability issues.

“I remember one executive saying to me that he wasn’t getting any credit for being out front in this field. It’s one of the reasons that the GLOBE Foundation decided to start EXCEL – we saw a great need to bring senior leaders together so they could talk about their experiences and share ideas on how to improve their environmental and social performance.”

Formed in 1996, the EXCEL Partnership brings together 18 of Canada’s most well-known companies across a range of sectors – from energy and banking to manufacturing and transportation. Senior leaders meet quarterly at roundtable forums and through teleconferences to explore sustainability topics and discuss examples of successes and failures. Throughout the year, EXCEL member companies also benefit from research, benchmarking and a linkage with the World Business Council for Sustainable Development.

EXCEL is managed by the Delphi Group, a Canadian consulting company specializing in climate change and corporate sustainability. Delphi provides EXCEL members with research on best practices, case studies and analysis of current trends related to sustainability and competitiveness.

“One focus of EXCEL last year was looking at how sustainability can help companies innovate,” says Ted Ferguson, vice president of Delphi. “It’s interesting because both sustainability and innovation cut across the traditional company silos – marketing, legal, finance, sales and operations – requiring people to adopt integrated approaches.”

Other topics that have been covered include supply chain issues, risk management, corporate competitiveness and shareholder and employee engagement.

Mr. Ferguson says that there are very few opportunities for companies at this level to meet and talk frankly about sustainability issues. “With EXCEL, we offer an environment where corporate leaders can have these discussions, brainstorm and hash out



RBC employees plant water-friendly gardens on RBC Blue Water Day in June 2013. Launched in 2007, the RBC Blue Water Project is a 10-year global charitable commitment of \$50 million to help provide access to drinkable, swimmable, fishable water, now and for future generations. SUPPLIED

“We’ve found that one of the most valuable assets of EXCEL is its cross-sectoral nature. Having a convening body for sustainability professionals from major Canadian corporations across different industries is unique.”

Sandra Odendahl
is director of corporate sustainability at RBC

solutions together. This forum is allowing leading Canadian companies to raise the bar and become even more sustainable.”

RBC was an inaugural member of the group and has continued to benefit from its involvement. “We’ve found that one of the most valuable assets of EXCEL is its cross-sectoral nature,” says Sandra Odendahl, RBC’s director of corporate sustainability. “Having a convening body for sustainability professionals from major Canadian corporations across different industries is unique.”

She says RBC finds great value in being able to meet with top sustainability and corporate responsibility executives from Canadian companies outside the financial sector, hearing firsthand about the hot button issues and regulatory challenges they face.

Ms. Odendahl says that some issues have stayed on the agenda from EXCEL’s early years, such as maintaining employee engage-

ment around sustainability initiatives. Other issues have evolved. The discussion of environmental performance, for example, is no longer dominated by climate change regulations and their potential effect on individual sectors. Instead, the conversation has expanded with the understanding that “good practice in the area of environment and social responsibility is far broader in scope.”

The link between sustainability and competitiveness is critical. Case studies of how companies have “implemented sustainability measures and profited from them” provide an important foundation for learning says Mr. Wiebe. As EXCEL members share their experiences, companies are able to see the business case for minimizing water use, managing the supply chain from a sustainability perspective or engaging with stakeholders in innovative ways.

“Corporate sustainability is important for business,” says Ms. Odendahl. “But you have to demonstrate that the initiative is reducing risk, providing revenue (or lowering costs) and driving your company’s reputation. If you’re doing something strictly to get headlines, it’s not a sustainable sustainability initiative. It has to make business sense and strengthen the bottom line – not necessarily this quarter, but the long-term benefit needs to be there.”

Mr. Ferguson agrees, pointing out that the complexity of these issues is just one reason why EXCEL members continue to “vote with their feet and take the time to come to the EXCEL table to become better informed and participate in high level dialogue about being leading corporate citizens.”

INSIGHT

We asked six members of EXCEL – Canada’s leading business forum on sustainability issues – to tell us how they are addressing the most significant sustainability issues facing their industry.

AIR CANADA
Teresa Ehman
Manager of environmental affairs



Greenhouse gas emissions from jet fuel combustion are the major climate change challenge facing the aviation industry.

A key element of Air Canada’s emission reduction strategy is to support the development of Canada’s biofuel industry. In 2012, Air Canada operated North America’s first-ever “Perfect Flight,” bringing together best environmental practices, including the use of biofuel, to demonstrate its ability to reduce CO₂ emissions more than 40 per cent compared with a regular flight. In May, Air Canada, Airbus and BiofuelNet Canada launched a collaborative research project to identify the most suitable feedstock for biofuel production, with the ultimate aim of establishing a sustainable domestic biofuel supply chain.

BELL CANADA
Marc Duchesne
Vice-president of corporate security and responsibility



Energy consumption is the number one sustainability issue facing major communications customers like corporations and government.

Bell Business Markets is Canada’s top provider of data centre services to such enterprise clients, with more than 20 centres across Canada offering a range of data hosting and cloud computing services. Bell has focused on sustainability best practices in our centres, offering green power options that outperform what most customers can build themselves, leading to significant power, water and CO₂ savings. Our new centre in Gatineau, Québec is a Green IT award-winning facility, ranking it in the top 2 per cent in North America for the most efficient use of power.

BENTALL KENNEDY
James Gray-Donald
Vice president sustainability



Commercial real estate accounts for over one-third of carbon emissions in North America. Our investors and tenants look

to us to find ways to drive down carbon emissions and reduce their ongoing energy costs. An investment in an energy efficiency retrofit at a commercial building should outperform an investment in a 10-year bond by a factor of three. In the past five years, we have reduced the energy intensity of our shopping malls by 20 per cent and of our offices by 10 per cent. We con-

tinue to analyze our buildings’ energy performance, conduct energy audits that are used to set energy reduction targets and collaborate with tenants to reduce energy use.

BOMBARDIER
Hélène V. Gagnon
Vice president of public affairs, communications and corporate social responsibility, Bombardier Aerospace



To move the world, we need to build responsible products. Our Design for Environment approach goes beyond regula-

tory requirements by addressing the critical environmental and safety considerations for each of our products throughout their life cycle. This enables us to consistently design and build energy-efficient aircraft with the lowest noise and fewest emissions in their categories. Our next step in product responsibility involves communicating our products’ environmental impacts through Environmental Product Declarations (EPDs) and adding transparency by applying associated ISO standards. This is a first in our industry. We will be issuing an EPD when our CSeries aircraft enters service.

CENOVUS
Jon Mitchell
Director of environment



The biggest issue our industry faces is how the world views oil sands development – its environmental performance, social

impacts and economic benefits. We’re addressing this challenge through a wide range of initiatives. On the environmental side, we integrate environmental considerations into all our planning and operational decisions and our investments in innovation and technology aim to enhance environmental performance. We also participate in Canada’s Oil Sands Innovation Alliance, an unprecedented collaboration between Canada’s largest oil sands companies with the goal of accelerating environmental improvements in the industry. Cenovus also invests in initiatives to strengthen relationships with our stakeholders and our neighbouring communities.

CN
Norman Pellerin
Assistant vice president, environment



CN’s makes sustainability an integral part of our business through our approach to governance, the envi-

ronment, safety, people and community. Our Sustainability Action Plan focuses on three pillars of environmental sustainability: emissions and energy efficiency, waste management and environmental stewardship. We implement our action plan by investing in sustainable information technology, minimizing waste streams and ensuring good housekeeping, implementing a clean right-of-way policy, improving locomotive fleet fuel efficiency, improving vehicle and vessel fleets’ fuel efficiency, improving building energy efficiency and practicing ongoing environmental stewardship. Our outreach initiatives are an important part of executing this strategy and creating value for our stakeholders.

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OPINION

With the right strategy, companies can foster innovation, create long-term value and minimize risk



Q&A with John Wiebe, president & CEO of the GLOBE Foundation

What are we talking about when we say corporate sustainability? We're talking about the whole system, which includes the interplay of the environment, the economy and society. When we talk about corporate sustainability, we're saying that companies need to deal with all three aspects. It's broader than just the natural environment, and a focus on social responsibility alone is simply too narrow. The economic side is obviously essential: companies need to remain economically competitive and profitable in order to stay in business. Fundamentally, we're talking about the triple bottom line.

How has the conversation about corporate sustainability shifted over the last 15 years? It's become much more mainstream. Just 15 or 20 years ago some senior managers and CEOs had to convince their boards and peers to incorporate sustainability initiatives into their companies. That's now changed. Today, sustainability is part of the business lexicon and we're into a phase of implementation. We're seeing great commitment by companies in the private sector in this area – often going far beyond what we've seen from governments. Companies have a deep understanding of their responsibility to shareholders, as well as to customers, clients and the public.

If you look at reporting, we're now at the stage where companies set targets in sustainability. This didn't happen 15 years ago, when targets were set on profit margins, share price and other financial measures exclusively. This is a major change, because if

"The question of how you operate a business in a rapidly changing world – with risks related to climate change and the environment, government regulation and public scrutiny – is at its foundation a question of sustainability."

you announce targets and don't hit them, you have a credibility problem.

We're also seeing companies managing their supply chains in terms of sustainability issues, looking at climate change and carbon regulation initiatives that governments haven't yet moved on and managing risk from a broader perspective.

What are some of the challenges companies continue to face in this area? It's often still a challenge for some companies to see sustainability thinking as an essential part of their corporate DNA when the economy goes down. There's a tendency to get into either/or discussions and there's often the feeling that they need to give something up. When profits are squeezed and the economy is challenging, some companies think that they can just stop doing "this sustainability stuff." Leading companies are confident that corporate sustainability is the right thing, even if the challenge becomes more acute as the economy gets tougher.

And, of course, making sustainability a priority simply makes business sense. The question of how you operate a business in a rapidly changing world – with risks related to climate change and the environment, government regulation and public scrutiny – is at its foundation a question of sustainability.

Is there a direct link between companies that focus on sustainability initiatives and those that have a successful business strategy? There are many classic examples of how companies have benefited from sustainability initiatives. But it's important to remember that one size doesn't fit all. Each company is unique and there's not a global prescriptive. This is

THE EXCEL PARTNERSHIP

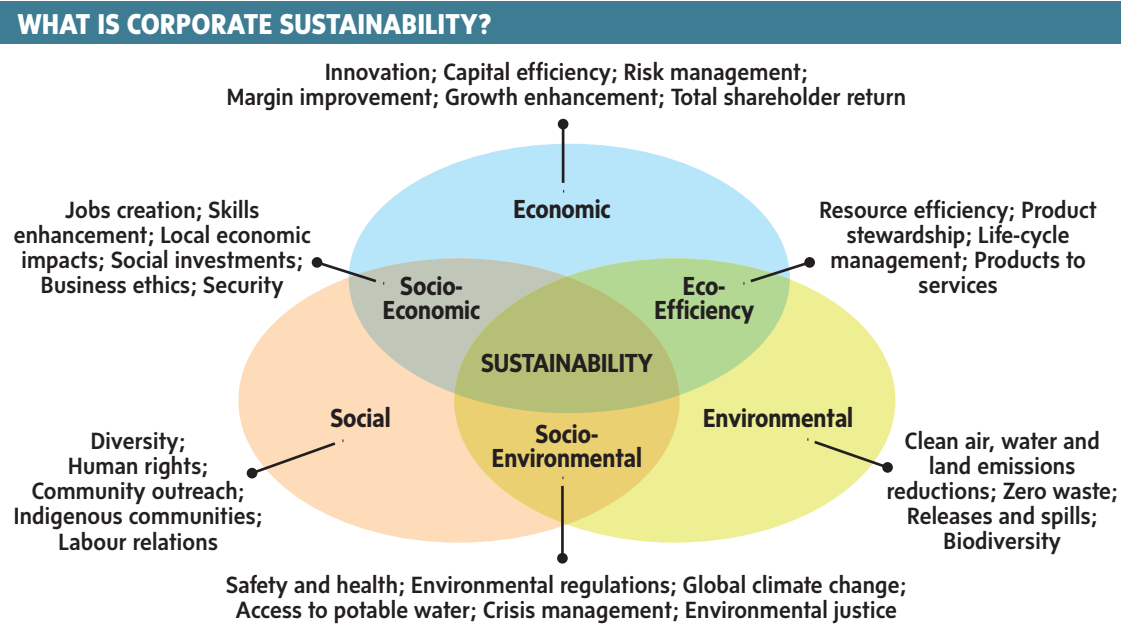
Founded in 1996 by the GLOBE Foundation, the EXCEL Partnership is a member-driven corporate leadership forum dedicated to corporate sustainability issues, with the goal of enhancing the competitiveness of its members through continual performance improvement.

With a shared focus on innovation, members come together to access cutting-edge research, analysis and insight on corporate sustainability challenges and to learn how best to integrate and improve sustainable development in their corporate strategies, organizations and business models.

Member companies include Air Canada, Bell, Bentall Kennedy, Bombardier, Capital Power, Cenovus Energy, CN, DuPont Canada, Enbridge, Graymont, Holcim, Nexen, Ontario Power Generation, Royal Bank of Canada, Suncor Energy, Teck, Teknion and TransAlta.

why case studies of companies that have implemented sustainability measures and profited from them are useful – they allow other companies to adapt those learnings to their own situation.

Anything else you'd like to mention? Corporate sustainability is the responsibility of all of us. And just because the economy is challenging and the competitive environment is more difficult, it does not mean that companies can relax in their initiatives in this area. Successful companies are those that address profit, the environment and people in economic times both good and bad.





This is our bottom line

We strive to develop resources in ways that deliver economic prosperity, social well-being and a healthy environment. It's a continuous journey of learning, engaging, improving. And a journey we're proud to be making.

Discover more in the 2013 Report on Sustainability at suncor.com/sustainability

