

10

Years of Sustainability

EXCEL Sustainable CEO Series

A Next Decade Vision for Canadian Corporate Sustainability

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February 8, 2007

The business environment is changing. New types of pressures and demands are leading to new business practices. Dramatic issues of environmental contamination, public health, water scarcity and sanitation, energy crises, global warming and climate change, extreme poverty and disease are being forced onto the business radar screen. As companies respond to the pressure to be a part of the solution to these issues, understanding the “business-value case” for corporate sustainability is increasingly important.

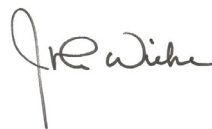
EXCEL (Canada’s Business and Sustainability Partnership) is an initiative that assists Canadian businesses to embrace sustainability thinking, solutions and ideas that improve environmental performance and competitiveness. For over a decade, the EXCEL Partnership has existed under the aegis of The GLOBE Foundation of Canada with the Delphi Group as Secretariat of the Partnership.

As a “learning partnership”, EXCEL has brought together leading Canadian corporations and their senior executives who have made a commitment to developing, integrating and improving sustainable development in their corporate strategies, organizations and business models. In 2006, EXCEL celebrated its 10th anniversary. Through its activities and services over the past decade, EXCEL has been focused on generating and realizing sustainability value, while providing a platform for dialog and debate regarding business’ role in securing a more sustainable future.

A Next Decade Vision for Canadian Corporate Sustainability brief is an example of EXCEL’s contribution to the thinking required to successfully navigate the next 10 years of business competitiveness and sustainability performance. The role of chief executive officers is to guide their companies, lead them, and provide a vision of success. As such, we challenged three EXCEL partner company CEO’s to provide us with their vision of corporate sustainability for the next decade—and in true CEO fashion, they delivered.

The speeches included in this brief were delivered during 2006. Bob Elton, President & CEO, BC Hydro delivered his at an EXCEL reception during Globe 2006. David Feldberg, President & CEO, Teknion Corporation, and Philippe Arto, President & CEO, St. Lawrence Cement delivered their speeches at the 2006 EXCEL Sustainable CEO Forum: *A Next Decade Vision of Canadian Corporate Sustainability* held in Toronto, on November 2, 2006. Moderated by Christopher Henderson, Chairman, The Delphi Group - the panel discussed sustainability challenges, trends and key factors that influence their personal visions of corporate sustainability over the next decade.

A Next Decade Vision for Canadian Corporate Sustainability brief is an invitation to corporate sustainability leadership and excellence. We welcome leading practitioners of corporate sustainability to join EXCEL in an on-going, evolving effort to improve sustainable practices and realize sustainability value.



John D. Wiebe, President and CEO, The GLOBE Foundation



Christopher Henderson, Chairman, The Delphi Group

EXCEL Partnership Introduction



EXCEL (Canada's Business and Sustainability Partnership) is a unique learning partnership of major Canadian corporations who are committed to sustainable development leadership through the continuous improvement of economic, environmental and social performance. Membership is by invitation only. The Partnership was founded in 1996 and operates under the aegis of the GLOBE Foundation and is managed by The Delphi Group. EXCEL has a formal affiliation with the World Business Council for Sustainable Development.

A powerful interactive peer group for senior environmental and other corporate executives, members of EXCEL:

- **Exchange ideas and experiences** to improve the efficiency and effectiveness of corporate environmental and sustainable development activities,
- **Interact with high-level federal government officials and ministers** to promote public policy in recognition of corporate environmental excellence,
- **Assess and share knowledge on innovative practices** with leading North American and European corporate sustainability practitioners,
- **Engage with and influence capital-market leaders** to promote the concept of share value that rewards environmental performance,
- **Develop the business case on how sustainable-development leadership delivers tangible results** for shareholders, and
- **Benchmark performance** against a peer group of companies to maintain competitiveness.

EXCEL Corporate Representatives

Scott Deugo, Vice President, Sustainability, [Teknion Furniture Systems](#)

Nina Mankovitz, Manager, Security, Safety, Health and Environment, [DuPont Canada](#)

Douglas Horswill, Senior Vice President, Environment & Corporate Affairs, [Teck Cominco](#)

David Lewin, Vice President, Sustainable Development, [EPCOR](#)

Cara Clairman, Executive Director, Sustainable Development, [Ontario Power Generation](#)

Ron Nielsen, Director, Sustainability & Strategic Partnerships, [Alcan](#)

Barbara Zach, Vice President, Corporate Responsibility & Corporate EH&S, [EnCana](#)

Bob Page, Vice President, Sustainable Development, [TransAlta Corporation](#)

Normand Pellerin, Assistant Vice President, Environment, [CN](#)

Luc Robitaille, Corporate Manager, Environment, [St. Lawrence Cement](#)

Bruce Sampson, Senior Vice President, Strategic Planning & Sustainable Development, [BC Hydro](#)

Vasudha Seth, Director, Sustainable Development, [Dofasco](#)

Gordon Lambert, Vice President, Sustainable Development, [Suncor Energy, Inc.](#)



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A commitment to sustainability is a very personal thing. It is a commitment to taking care of the future.



**Bob Elton, President & CEO,
BC Hydro**

Corporate Sustainability: Where We Stand Today

"It is always difficult to measure success in terms of Corporate Social Responsibility (CSR) and Sustainability. However, I think we can all agree that both CSR and Sustainability have moved further towards the mainstream than where we were a decade ago. It is much easier than it was 10 years ago, for a CEO to stand up in public and say that she believes in sustainability. What has helped that to happen? The keys have been: **strong leadership; increasingly transparent disclosure; and a willingness to invest responsibly.**

BC Hydro has developed and advanced the company's practice of sustainability through a range of key organizations, including the EXCEL Partnership. It is an association we have valued greatly, and I believe that the great companies that comprise the EXCEL Partnership, and other leading corporations in our country, have helped to lead Canadian business on a journey towards corporate social responsibility, and towards sustainability.

But what lies ahead? What are the business and sustainability challenges we face in the decade ahead, and how will we overcome them?

The Essence of the Sustainability Challenge for Canadian Business

Are we acting quickly enough? Is the leadership that great companies are showing, making a big enough difference? Each year, we are using up more of the world's resources. Our lives here are prosperous, but the side effects include pollution, congestion, obesity, more chemicals in our bodies, diminishing space and diminishing biodiversity. We are doing this in a way that disinherits our children and their children.

Socially, our own prosperity in Canada is exceptional in the context of world history. But it is not shared. We have the resources in our world to make poverty into a museum piece, but we do not do it. And there are tears in our social fabric that we do not address except by hoping that the rest of the world will adopt our economic model.

Leading Canadian businesses can react to this in different ways. One choice is to **keep doing what we are doing, to perform well in a triple bottom line context** – and to **hope**. If others change their behavior in time, then things will get better. Or if it turns out that we can find new technological solutions to the challenges of sustainability, then we can invent our way out of the problem. Would either of these options be the choice of courageous leaders?

Vision for 2016

Canada has led the world in peacekeeping – not by being pacifist, but by combining real military performance with real Canadian values. Canada can lead the world in sustainability and corporate social responsibility, using the same approach. We have a unique mix of talents and riches that can support this claim. In our relatively small business community, we have some great leadership companies. Many of them spread their influence beyond their size. Because of our resource expertise and history, our leading companies span the globe. Socially, we have a unique mixture of ethnicity and culture, and our children are increasingly growing up intermingling with each other, creating a peaceful diverse community that can truly be open to the world.

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We have strong institutions, strong companies, strong government agencies, strong civil society. Developing countries especially would love to learn how to develop such strong foundations.

There may be other countries that can achieve a greater entrepreneurial spirit; but our basis of “peace, order and good government”, brought up to date into our modern Canada, is something that the world does need more of. **The benefits for Canada are clear – more competitive businesses, with strong sustainable futures; a better investment climate; a strong labour market as well as a rich source of immigration; and perhaps most important, a confidence in our future that is based on our own values and identity.**

A Business ‘Call to Action’

How can we achieve this vision? I will make some suggestions today, in the hope of a dialogue with people who are far wiser than I. There is no need for organizations or task forces or studies. This is one place where I’m not suggesting that we employ our usual Canadian methods! We can just start. The Excel Partnership, The World Business Council on Sustainable Development (WBCSD), Canadian Business for Social Responsibility (CBSR), and all of the organizations that are devoted to improving our world, must work together.

We must be able to talk about sustainability in a way that conjures up dreams of abundance, not scarcity. Sustainability means that we will be able to enjoy a good life, for ourselves and our children and their children. We must describe that good life and what it means to each of us. Values, mutual respect, the enjoyment of our friends, time and space to breathe, are all part of a good life for all of us.

We must set high goals, for ourselves personally, for our companies, and for our society. Just proclaiming that our country leads the world in social, environmental and economic sustainability will encourage us to set those goals.

After high goals will come measures – **we must learn how to set targets too, how to express sustainability more clearly, so it becomes part of our every day thinking.** I am not suggesting regulation or rules – but if leading companies and business leaders start to describe, for example, the natural capital that our businesses use, then it will start a different set of conversations that will help us to find new solutions. We of all countries need to learn how to value our resources, and recognize that if we treat them as scarce, our creativity will find ways to use them better.

We need to consciously build our companies to support this vision. Many of the leading Canadian companies are engaged on this – integrating sustainability into all they do, with corresponding improvements in recruiting, employee engagement, stakeholder support for their actions, and so on. But many of us have a long way to go – it is a hard road, and **we need to learn from each other about how we can create new organizational models that will truly reflect our diversity and our values.**

And finally – **as business leaders, each of us must take personal responsibility. A commitment to sustainability is a very personal thing. It is a commitment to taking care of the future.**

My Leadership Commitment

Just over 60 years ago, my parents were married. I was reflecting on their lives, as I was planning this speech. They have lived through hard and easy times; throughout their lives, they made fairly complex tradeoff decisions that postponed their own consumption, so they could build a home, a family, a community, a future. Many of your parents did the same. So, we are capable of making complex decisions as individuals. At our best we instinctively balance social, environmental and economic values. **We do not make it complicated. We need to come to work with the same wisdom. We need to share that wisdom with others.** I am looking forward to seeing the EXCEL Partnership flourish over the next 10 years, as we spread our influence and build a strong Canadian identity around the principles of sustainability. And I am looking forward to joining with our partners in that effort”.

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Sustainable development will move forward with companies being transparent and truthful about where they are along the path.



**David Feldberg, President & CEO,
Teknion Corporation**

"I thought I would talk to you today about my personal experiences in two companies that I'm associated with concerning sustainable development. I am CEO of Teknion Corporation, a manufacturer, designer and marketer of office furniture. I also started a winery in Niagara-on-the-Lake, called Stratus.

At Teknion, we reorganized in around 2000/2001 at a time when designers and architects and some customers were becoming increasingly interested in environment practices as part of their furniture decision making process. In particular, this was happening in some pockets in the U.S. such as California. **We began to educate ourselves extensively and after much deliberation at our executive meetings, decided to make "sustainable development" one of our core values going forward.** We were the first company to have all of our products "Greenguard Certified" for indoor air quality and have all of our facilities ISO 14001 certified.

At Stratus we built sustainable facilities into our vision from the outset and became the first LEED certified building in Canada and the first winery in the world to receive this designation.

I don't want this talk to be a commercial for these businesses (though order forms are available) but rather I'd like to talk about a couple of themes that I found to be relevant. I believe generally that **one can make a difference** by focusing on the environment and that it is good for business. I also believe **it is our responsibility as business leaders to promote these messages and educate those around us.**

Sustainable development will move forward with companies being transparent and truthful about where they are along the path. I found that our clients and influencers appreciated our position when we started: that we weren't perfect; we didn't know everything; and that we shouldn't be intimidated by this subject matter. It's OK to **ask questions; talk to others.** Just **start doing something. Be truthful** about info on how your products are made, how you're streamlining your manufacturing processes to lower waste and energy. What you think may be "bad news" is OK too. Be yourself. You will gain the trust of your people and your customers.

Sustainable development will move forward with a series of small steps that will create big shifts in behavior. We created awareness throughout the organization of our desire to start on this path. We built some achievable objectives into the goals of our organization, we trained our people to understand that they could do simple things to lower waste.

Our goal to be ISO 14001 certified throughout was something all could relate to. I was amazed at how the organization has rallied around this value. Our culture began to shift clearly upon achievement of various goals and as they saw that they could do more with less - Counterweight - eg. used waste powder paint; Greenworks team eg.; Design for Environment (DfE) - concurrently building environmental principles into the design process from the start and connecting all segments of our company.

All of this has led to significant savings at Teknion in the last 3 years (almost \$2 million).

At Stratus, we try to utilize any waste in the process. Our stems are used to fertilize neighboring farms. Excess juice is being made into grape seed oil that we will soon market. A small step that will create a new product for us.

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As a company, we have always had a **strong sense of core values**. We have always tried to do the right thing, adding sustainable development as a core value was part of us doing the right thing as it relates to the environment. Some will say that a corporation's mandate is to solely worry about increasing profits – not fuzzy notions of corporate responsibility. The good news is that in the case of sustainable development, these ideas work together hand in hand. They are not mutually exclusive with the environment; doing the right thing is good for business.

At Stratus, a small start-up boutique winery – I've been completely overwhelmed by the attention we've received and the response by all who have been exposed to it. Teknion has millions of square feet, employs thousands of people and sells its products all over the world for 25 years. Stratus has been around for 1 year and I've had more free press than in all the years at Teknion. I made it into Time Magazine due to our environmental principles; our winery was celebrated in the very prestigious U.S. publication "Interior Design" – Teknion is hoping to be there soon. Our sales are ahead of budget and in fact, we are sold out of most of our wine in short – phenomenal – and totally unexpected.

At Teknion, we have won many new customers who show supporting for what we are doing by allowing us to be their furniture suppliers. (eg. National Wildlife Federation in Virginia; Sabre Inc., Texas). **I think in the next 10 years, we will see more and more like minded companies wanting to associate with each other to pursue their goals and values.** Even money making funds support companies that support environmental values are growing rapidly.

Our volunteer efforts with the green building council has resulted in free advertising for Teknion as being a good company that does the right thing. At IIDEX, our booth focused on environmental education – getting overwhelming response from government, designers, students, customers. Our own employees are motivated by our efforts and stop me in the hall to talk about small wins.

I would offer what is interesting to me about the environment and the **challenge that surrounds sustainable development is that once people begin to learn about how they can change, the process happens quite fast.** Pollution and waste costs money. Once people or business or government grasp this fact the process of change can be significantly enhanced.

I believe it is the responsibility of leadership to bring this message to those whom they have the responsibility to guide. It is only through this that will be able to advance sustainable development in the next decade.

I would offer that as humans we typically learn life's lessons the hard way. We focus on our health once we get sick; we focus on family after we have lost someone close. We are now focused on the environment because we are seeing examples each day that show the terrible effects of our actions.

I guess the point I am trying to make is that **we are learning the hard way about the environment and it is the challenge of leadership to articulate the way forward.** Doing the right thing can also bring financial benefits. That is the key to unlocking the innovation necessary to push sustainable development faster into the next decade".

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Excellence in sustainable development opens doors to new markets, new opportunities and relationships, and sets the scene for long-term profitability.



Philippe Arto, President & CEO, St. Lawrence Cement

“St. Lawrence Cement is part of the Holcim Group, one of the world’s leading suppliers of cement, concrete and aggregates. The Group currently employs more than 90,000 employees and has a presence in more than 70 countries. As a CEO who manages a Canadian company, part of a worldwide organization, my challenge is to generate locally the best value for our shareholders, while implementing our overall Holcim Group strategy.

Holcim’s Sustainable Environmental Policy and Corporate Social Responsibility are strategic mindsets contributing to our overall **value creation** as much as Cost Management, Marketing and Human Resources Excellence. **Working across the triple bottom line (economic, environmental and social) means embedding Sustainable Development in our vision, strategy and management systems.**

Climate and energy are the most significant environmental issues for cement producers. Cement manufacturing is an important source of global man-made emissions of CO2. We are committed to significantly decrease our CO2 intensity. At the end of 2005, St. Lawrence Cement cumulative reduction in CO2 emissions was 23.9% since 1990 and 15.8% since 2000.

We achieved these CO2 reductions by improving energy efficiency and using cement substitutes such as slag – a residue of the steelmaking industry - which reduce the amount of limestone to be heated and therefore, reduce energy consumption and CO2 emissions. The use of alternative fuels, in replacement for coal, can also help reduce CO2 emissions.

St. Lawrence Cement has been working for a number of years at reducing its emissions of NOx and SO2 well ahead of current regulations. For example, in Ontario, St. Lawrence Cement already meets the year 2015 intensity target set for the industry as a whole.

By investing in early reduction programs, we learn by doing through continuous improvement. These, in turn, generally result in a better overall plant performance, lead to improved work conditions for our employees and make for better relations with our neighbors.

We also make major investments to modernize our plants and install new technology. Over the last five years, we invested \$26 million in environment-related equipment. As an example, continuous emission monitors are in use at all cement plants since 2005. We submit emissions and other data on a voluntary basis to a number of organizations such as Climate Leaders in the U.S. and publish them in our Sustainable Development report.

All of our cement operations, quarries and concrete plants in the Greater Montreal area have the ISO 14001 certification for our environmental management system.

Vision for the Next Decade

1. Continuous improvement through leadership

St. Lawrence will continue to lead by example in our programs to reduce our environmental footprint. We will continue to work with government and our industry partners to remove barriers to innovation, to improve performance, and ensure sustainable business development.

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2. Determination to becoming a solution enabler

Alternative Fuels and Raw Materials - Holcim has formed a strategic alliance with the German Technical Cooperation (GTZ) in 2003 in order to develop and test guidelines for the use of waste materials in cement plants, targeting two audiences: the private sector to develop techniques and know-how regarding co-processing, and the public sector to enforce and implement OH&S and environmental standards.

Sustainable Construction - As a global leader in the cement industry, Holcim has influenced the overall direction of the industry in tackling challenges from climate change to community involvement. In 2003, Holcim went a step further by establishing the Holcim Foundation for Sustainable Construction, an independent entity from the economic interests of the Holcim Group. We are committed to thinking and acting sustainably both within and beyond the boundaries of our business.

Building and construction is not just about bricks and mortar, it's about creating the context in which people live, work, move and interact. The Holcim Foundation has organized five regional awards and one global award to support initiatives in sustainable construction that are outstanding in their response to technological, environmental, socio-economic and cultural requirements and constraints.

We believe that **a more pragmatic approach to the creation of the built environment with consideration for the human factors within engineering/architectural requirements is the criteria for judging excellence in sustainable construction.**

Developed by the Montréal-based architecture firm L'OEUF, the "**Green Energy Benny Farm Project**" was recognized by the Holcim Awards for Sustainable Construction through the Gold Award for North America in 2005 and the Global Bronze Award for the worldwide competition in 2006.

Benny Farm is a model of urban architecture and landscaping. It comprises the sustainable construction and renovation of 187 housing units on four properties, each linked to a common green infrastructure. This project is concrete proof that it is possible to take into account environmental, socio-economic and cultural factors in the construction of sustainable buildings.

In 2005, 60% of Holcim cement types were eco-efficient composite blends actively marketed to customers: made with mineral components (industrial by-products), while lowering the 'clinker factor' also supports our CO₂ reduction commitments. **St. Lawrence**, and our industry partners, will continue to promote the use of the life-cycle approach in selecting the best long term solutions for society in replacing our aging infrastructure and in building more energy-efficient buildings.

3. Conclusions

- When it comes to environmental regulations, we have to keep in mind that we live permanently in competition: for customers, who can buy cement from China or India, and for investors, who compare Canada with all the other opportunities worldwide.
- "**Sustainable Development is clearly a business case which has to be reflected in the bottom line**" said Holcim CEO, Markus Ackerman. Excellence in Sustainable Development opens doors to new markets, new opportunities and relationships, and sets the scene for long-term profitability.
- Many challenges cannot be met by business alone – partnerships with other organizations set the stage for sustainable outcomes. Hopefully thinking sustainable development will be good for business, and good for society and good for the planet!"

Partnering for Success, EXCEL Sustainable CEO Series

As Program Manager for the EXCEL Partnership it is my privilege and pleasure to express my appreciation to our event partners who have helped make the 2006 EXCEL Sustainable CEO Forum an outstanding success. The spirit of collaboration is the basis of EXCEL and proved to be a tremendous advantage for this event.

Our collective efforts in promoting sustainability excellence, while generating value, would become **the vision** of the next 10 years for business competitiveness and sustainability. This is the message we can and we will deliver to the business community, society and the government.

Thank you.



Ted Ferguson

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Gowling Lafleur Henderson LLP is one of Canada's largest national law firms recognized for its expertise in information technology, energy and infrastructure, international trade, advertising and media, professional liability and the environment. Gowlings is also one of Canada's leading providers of government relations and regulatory affairs at both federal and provincial levels of government.



The **Cleantech Venture Network® LLC** is a membership organization bringing insight, opportunities and relationships to investors, entrepreneurs and service providers interested in clean technology.



Corporate Knights Inc. is an independent Canadian-based media company that publishes the world's largest circulation magazine with an explicit focus on corporate responsibility.



Innovest Strategic Value Advisors is an internationally recognized investment research and advisory firm specializing in analyzing companies' performance on environmental, social, and strategic governance issues, with a particular focus on their impact on competitiveness, profitability, and share price performance.

justenvironment

Justenvironment is a public affairs consultancy specializing in "just environmental matters". The company conducts strategic planning, management consulting, government relations, public relations, ENGO relations, policy evaluation and analysis, and strategic communications.



Pollution Probe is a Canadian environmental organization that: Defines environmental problems through research; Promotes understanding through education; and, Presses for practical solutions through advocacy. Pollution Probe is dedicated to achieving positive and tangible environmental change.



The **Sustainable Enterprise Academy** is assisting business in the transformation to corporate sustainability by providing senior executives in business, government and civil society with the vision, education, tools and support necessary to champion sustainable development in their organizations.

EXCEL

Canada's Business and Sustainability Partnership

www.excelpartnership.ca



The Globe Foundation Presents

2006 EXCEL Sustainable CEO Forum: *A Next Decade Vision of Canadian Corporate Sustainability*

November 2, 2006 - The Design Exchange, 234 Bay Street, Toronto

The 2006 EXCEL Forum opens with a perspective from CEO leaders on their vision of corporate sustainability in an increasingly competitive and risky climate of Canadian and global business

4:30—5pm—Welcome Reception

5pm - Welcome: *John D. Wiebe*, President and CEO, GLOBE Foundation of Canada

Introductions: *Jim Burpee*, Executive VP, Corporate Development, Ontario Power Generation (Host)

CEO Dialogue:

Bob Elton, President & CEO, BC Hydro (video welcome)

Philippe Arto, President & CEO, St. Lawrence Cement

David Feldberg, President & CEO, Teknion Corporation

Respondent's panel

Christopher Henderson, Chairman, The Delphi Group
(moderator)

Nicholas Parker, Chairman, Clean Tech Capital Group

Susan McGeachie, Director, Innovest

Mark Madras, Gowlings Lafleur Henderson LLP

Ken Ogilvie, Executive Director, Pollution Probe

Mark Rudolph, President, justenvironment

6:30-8pm - EXCEL Reception: In the Pursuit of
Sustainability - the Next 10 Years

The 2006 EXCEL Sustainable CEO Forum is bullfrog powered with 100% green electricity, and organized in partnership with:

