



Doing the Right Thing can lead to a Good Thing!

Using Sustainability Certification to Differentiate

# Let's define Environmental Sustainability

- “The ability to meet the needs of the present without compromising the ability of future generations to meet their own needs.” – *The United Nations World Commission on Environment and Development*
- “The capacity to improve the quality of human life while living within the carrying capacity of the Earth's supporting eco-systems.” – *The International Union for Conservation of Nature*



# What is *Our* Definition of Corporate Environmental Sustainability?

- “Maximize performance and return...without compromising the environment or future generations...via continual improvement of awareness, health, operation and efficiency of the organization...and promotion of sustainability certification and performance achievements and successes to all internal and external stakeholders.” – *Edenark Group*
- Profit / Planet / People / Promotion



# What are we going to talk about?

- The four legs of the stool – sustainability certification / carbon neutrality / ESG / Net Zero
- Why should you consider sustainability certification?
- How do you pick a program?



# Who is this talk for?

- A SME (small to mid-sized enterprise)
- Under US\$1B in sales...at location
- As examples, Chase is over \$1B, but its branches are not; McDonald's is over \$1B but its restaurants are not. This is a business certification, not a building certification.
- In EU/Asia, this would be US\$500 million
- 99% of all global businesses
- 67% of global employment



# Key Question for you as you absorb this presentation?

- Given that 25% of all consumers (the Innovators) have already made purchase decisions based on sustainability
- Given that 20% - 43% of all consumers (the Early Adopters) are currently willing to move their purchases and loyalty if they find a legitimate (ie, certified) sustainable option
- Given that the Early Majority comes next (followed by the Late Majority and Laggards)
- Which group will you align with? Do you want to be ahead of your competitive peers and take market share? Or do you want to be behind your competitive peers and surrender market share?



# The Four Legs of the Stool

- Driven by consumer demand, client demand, investor demand, employee demand and government regulations, organizations will need to become legitimately (ie, 3<sup>rd</sup> party certified or verified) sustainable....then add a carbon neutrality plan, an ESG plan and, ultimately, a Net Zero plan (these four legs can be spread out over years)
- Using government regulations as an example, by the end of 2023, the majority of the world's economies will require their public companies to report on sustainability and/or carbon neutrality and/or ESG
- The public companies are then mandated, via both internal requirements and government compliance, to include their supply chain (ie, you)
- So, the question is not if, but when a company a company becomes sustainable

# You Want to Build Your Program Properly

- Sustainability Certification (ie, the E in ESG) comes first. It has the greatest ROI benefit for your company and, if you select the proper program, it will serve as the foundation for the other three legs of the stool
- Carbon Neutrality comes next – an easy addition to the sustainability certification foundation. This can be done years after becoming certified sustainable
- ESG is third – this will add a degree of complexity, but with the right foundation, it is easy to add the S and G. Don't start with ESG
- Net Zero is last – this requires assistance from parties outside your company



So, let's focus on the first leg of the stool –

# Sustainability Certification



# Why Should An Organization Become Certified Sustainable?

- It is the right thing to do
- Competitive advantage – 71% of consumers will change brand due to confirmation of sustainability commitment
- Your costs will go down
- Your cost of money will go down (both debt and equity)
- Consumers search for it - +80% of consumers look for sustainability when making a purchase
- Your clients will support it – large organizations are mandated to select a certified sustainable company if bidding work and product quality/price are comparable
- Your ability to hire and retain top talent will increase
- Employees demand it and employee performance will improve
- Government regulations are requiring it (remember - ‘Scope 3’)
- Possibly the top competitive differentiation tool; leading to significant sales gains
- Certified sustainable companies growing 75% - 20x faster than their non-certified peers



# Let's start with a question - What does a SME need most?

- Per studies, the #1 thing ALL businesses (not just SMEs) need is competitive differentiation

ie, being seen as different/better than peers in a way that motivates the customer to buy from you versus the other guy



# Why is competitive differentiation harder for SMEs?

- Large companies are marketing-centric  
They have the \$\$\$s to create branding
- SMEs are more sales-centric  
More dependent on face-to-face selling  
More personal / direct



# But what has the internet done?

- The internet is a platform for consumers to review you without your active input

Go/no decisions are being made before you get a face-to-face

- Covid accelerated this
- The Under 40 consumer uses the Internet first



# What is the #1 thing consumers are searching for?

- Answer - Sustainability Certification
- Per Google, corporate sustainability searches are up 800%
- 87% of consumers want your company to be sustainable
- 71% of consumers will move their business to a sustainable company
- 25% of consumers (the early adaptors) have already changed vendors due to sustainability. The next 20 - 43% (early majority) is happening now
- Explosive interest in carbon neutrality, ESG and Net Zero
- +\$100 trillion opportunity



# Why not hang a “We are sustainable!” sign?

- It would do more harm than good
- Besides the risk of being called out for Greenwashing....
- +70% of consumers (+90% of the Under 40 consumer) disbelieve a company that makes claims that are not verified/certified by a legitimate 3<sup>rd</sup> party
- +70% of consumers (+90% of the Under 40 consumer) believe a company that makes claims that are verified/certified by legitimate 3<sup>rd</sup> party



# How are 'certified' sustainable companies performing v non-certified peers?

- Companies that are certified sustainable via a globally-recognized standard, and promote same...compared to their non-certified competitive peers
  - +75% overall growth (NY/Stern says 7x / Symbola says 20x)
  - +67% investor ROI
  - +24% Net Income
  - +15% sales gains
  - +11% EBITDA



# So is Sustainability Certification Worth Considering?

- Yes!

9 out of 10 consumers want you to be certified sustainable

7 of 10 consumers will move their business

Large companies are mandated to use sustainable vendors

Regulations will soon require it

Most (97%) big companies are already promoting their sustainability

New concept (1%) for SMEs - Bigger opportunity for a SME to stand out

Financial benefits are compelling

You get rewarded for doing a good thing



# So, back to the initial question

- If it is the right thing to do for the environment....
- If regulations are coming....
- If consumers, clients, employees, investors and lenders want you to be certified sustainable....
- If it helps you differentiate and levels the playing field with larger competitors....
- If you make more money....
- Which group will you align with? Do you want to be ahead of your competitive peers and take market share? Or do you want to be behind your competitive peers and surrender market share?



# What now?

- If corporate environmental sustainability is worth considering, where do we start and what do we do?



# Let's first revisit certification

- “Why do we need a certification at all? Why can't we just pursue sustainability internally?”
- If you know what to do and do everything right....
  - You will help the environment
  - You will not maximize brand image, revenues or profits
  - You will still face compliance questions



# To Maximize Benefit of Corporate Environmental Sustainability

- Find a program that offers these 8 components

Employee performance / health enhancement

Certify the business not the box

3<sup>rd</sup> party audit

Use global standard

Promotion of the certification

Continual improvement

Annual update

Price



# Employee Performance / Health Enhancement

- Sustainability is not just about energy savings or ‘Greening Up’, it is about people
- For most businesses, the employees are one of the biggest costs, one of the biggest risks (mistakes, insurance, law suits) and one of the biggest opportunities (new ideas, collaboration, product knowledge)
- Every organization suffers from the Big 5 – insomnia, stress, anxiety, physical pain, mental acuity
- You are losing 5% of your corporate profit/year to the Big 5
- It takes a lot of LEDs to make up for one worker comp or workplace violence case
- Make sure your program has a ‘people piece’ that addresses employee performance, health and happiness



# Certify the Business not the Box

- People care about things that involve people
- Most building (ie, 'Box') certifications, like LEED, only care about building energy
- Building certifications are expensive and hard to market (poor ROI)
- You want to say, “Buy more of my product because we are a certified sustainable business”
- You do not get much value from, “Buy more of my product because we are in an energy efficient building”
- You want the certification on your business, not the building your business is in



# 3<sup>rd</sup> Party Audit

- Oversight delivers credibility and trust
- From passing your driving test, to getting your college diploma, to passing a bar exam, we use 3<sup>rd</sup> parties to ensure compliance
- There are many sustainability programs that deliver a certification based on your 'word'.....and your payment
- Don't do it!
- Make sure the program you choose uses a 3<sup>rd</sup> party to validate your work



# Use a Respected and Integrated Global Standard

- The sustainability industry is maturing and coalescing around few standards
- The UN has created its SDGs (17 sustainability development goals)
- 50% of the world's economies require sustainability reporting
- Greenwashing lawsuits are growing
- Don't pick a program that is not globally respected by, and integrated with, the world leadership groups; and that does not have the ability to integrate the other three legs of the stool - carbon neutrality, ESG and net zero
- No reason to spend the time and money, then find you are not following the same programs and protocols that the leadership groups have adopted



# Promotion of the Certification

- Historically, sustainability has been a cost-side play
- Most programs and providers have been 100% trained and focused on cost-side measures – energy reduction, carbon reduction, waste reduction, water reduction, travel reduction (ie, engineering)
- But we know consumers are searching for certified sustainable companies
- If you don't talk about being certified sustainable they will never know you are (ie, marketing)
- You want a program provider that is built to do the cost-side work AND the revenue-side work; and helps you promote your certification



# Continual Improvement

- Sustainability is not finite. It requires long-term commitment
- But.....change is hard for all of us
- If the bar is set too high, we can get frustrated and give up
- You want a program that lets you come as you are
  - Allows you to proceed at a pace that suits your organization
  - Focuses on fun for staff
  - Success is based on continual improvement



# Annual Update

- Current = credible
- Sustainability is not finite; we need to continually improve
- You don't want a program that does not have a date attached to its certification
- You want to continually improve, see your success, and annually update your certification to show you are current and credible in your actions



# Cost

- We could have started with cost, but you want the above 7 components at a price you can afford
- Cost includes both money and time for
  - The certification
  - Improvements to qualify for the certification
  - The 3<sup>rd</sup> party audit



# Your Biggest Fears

- Change
- Getting up to speed (confident enough to make a decision)
- Staff time



# Happy to answer questions and help!

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