



**Sustainability** shifts  
from business imperative  
to mission critical



sodexo<sup>★</sup>





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# Sustainability accelerates with urgency

**If the events of 2020 taught us anything about sustainability, it's that the global business community understands the challenges it is up against – it is simply not acting with the urgency needed to mitigate the impacts of climate change and social inequality. And yet, the Covid-19 crisis showed us just how interlinked human, business and planetary health are.**

This has shifted sustainability – previously business imperative – to mission critical on the corporate agenda. Increasingly, companies are recognizing the role they can play in tackling sustainability issues and the speed with which they must “climate change proof” their business models if they are to survive.

“In some geographies and areas of our business, almost 100% of our bids now include a request to address one shape or form of sustainability,” says Maria Outters, Sodexo’s Group SVP, Corporate Social Responsibility. “CEOs and leaders understand that there will be no business on a dead planet. Either we make a much more viable future, or it’s going to be bad news for everyone.”

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## Sustainability goes mainstream

Those leaders are also recognizing that sustainable business leads to better performance. In 2018, B Corp-certified businesses in the UK, which meet rigorous standards of social and environmental performance, accountability and transparency, grew 28 times faster than UK GDP, according to B Lab research.<sup>1</sup> The case for environmental, social and governance (ESG) investing is equally compelling: a strong ESG proposition is linked to higher equity returns, according to the aggregated evidence of more than 2,000 empirical studies.<sup>2</sup>

The pandemic is strengthening that case. A McKinsey survey, for example, finds that 60% of businesses are considering or implementing changes related to cultural aspiration and behaviors/mindsets in response to Covid-19.<sup>3</sup>

And more firms are now pursuing a net zero carbon strategy — in some cases, the vision is even regenerative. Microsoft, for instance, has pledged to become carbon negative by 2030; by 2050, it plans to have removed from the environment all the carbon it has emitted either directly or by electrical consumption since it was founded in 1975.

“Instead of aiming merely to ‘do less bad,’ industrial design can aim to ‘do more good’ by continually replenishing, rather than more slowly depleting, the living world,” says economist Kate Raworth, whose Doughnut economic model for sustainable development aims to highlight the extent to which a population’s basic needs are being met without over-stretching its ecological resources. “Why simply take nothing when you could also give something?”<sup>4</sup>

What are the short- and long-term implications of these shifts? How are businesses adapting and innovating to become more sustainable – and are they helping to power sustainability beyond their four walls?

1. [https://pwc.blogs.com/industry\\_perspectives/2019/03/to-b-or-not-to-b-is-achieving-b-corporation-status-valuable-for-organisations-in-2019.html](https://pwc.blogs.com/industry_perspectives/2019/03/to-b-or-not-to-b-is-achieving-b-corporation-status-valuable-for-organisations-in-2019.html)

2. A megastudy on the relationship between ESG factors and performance published in the Journal of Sustainable Finance & Investment noted that 90% of studies report a ‘non-negative’ impact on investment returns, and a large majority report positive findings. Source: ESG and financial performance: aggregated evidence from more than 2000 empirical studies <https://www.tandfonline.com/doi/full/10.1080/20430795.2015.1118917>

3. <https://www.mckinsey.com/featured-insights/coronavirus-leading-through-the-crisis/charting-the-path-to-the-next-normal/covid-19-forced-companies-to-act-fast-and-executives-are-planning-big-changes-to-keep-up-momentum>

4. <https://www.greenbiz.com/article/can-we-do-business-doughnut-economy>





# 1.

## Why purpose drives performance

### Business is in the firing line

Employees, investors and consumers are pressurizing businesses to improve their sustainability performance. Consumers might forgive their own shortfalls (see Can we close the intention-behavior gap?), but they demand more from businesses. More than half (51%) say the primary responsibility to combat climate change falls on corporates, and only 6% point to consumers, according to Ipsos MORI research.<sup>5</sup>

The Covid-19 crisis has strengthened that feeling, according to a BCG survey.<sup>6</sup> Seven in 10 respondents say they are now more aware that human activity threatens the climate and that degradation of the environment threatens humans. And they won't accept the Covid-19 crisis as an excuse for businesses to abandon their sustainability efforts.

### People want purposeful business

Firms are boosting their sustainability credentials to attract and retain talent. It's a shift that has become more pronounced since the onset of the pandemic, as carbon footprints move from the office to the home. More than half of firms (56%)<sup>7</sup> are redefining the sustainability impact of new hybrid ways of working. Some are including their remote workers' environmental footprints in their overall sustainability reporting.<sup>8</sup>

Demographics are moving in sustainability's favor. Generation Z, which accounted for about 40% of global consumers in 2020,<sup>9</sup> prioritizes social activism and diversity more than previous generations.<sup>10</sup> And they want to work for organizations whose values align with their own.

5. <https://www.ipsos.com/sites/default/files/ct/news/documents/2020-04/earth-day-2020-ipsos.pdf>

6. <https://www.bcg.com/en-gb/publications/2020/pandemic-is-heightening-environmental-awareness>

7. CapGemini Research Institute: The future of work; December 2020 (<https://www.capgemini.com/wp-content/uploads/2020/12/Report-The-Future-of-Work.pdf>)

8. <https://info.eco-act.com/hubfs/0%20-%20Downloads/Homeworking%20emissions%20whitepaper/Homeworking%20Emissions%20Whitepaper%202020.pdf?hsLang=en>

9. <https://www.mckinsey.com/industries/retail/our-insights/the-influence-of-woke-consumers-on-fashion>

10. <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/consumer-business/welcome-to-gen-z.pdf>







**Consumers say corporates bear responsibility to act against climate change**

**51%**

The primary responsibility to combat climate change falls on corporates

**6%**

The primary responsibility to combat climate change falls on consumers

**Corporates look for new ways to define sustainability in a hybrid workforce**

**56%**

of organizations are looking at new ways to redefine the sustainability impact of the new hybrid organization

**50%**

of organizations are looking at ways to reduce/offset the sustainability impact of technologies while working remotely

Companies are now recognizing that their future prosperity needs a healthy, stable planet and are stepping up on sustainability.

**Good for business, good for planet**

Companies are now recognizing that their future prosperity needs a healthy, stable planet and are stepping up on sustainability. It doesn't just help them to connect with employees and consumers, it's also directly benefitting their bottom line. With sustainable practices they can reduce costs – which could be an antidote to today's falling revenues and increased customer churn.

Sustainable business is often hampered by short-term costs and pressure too, but mindsets are shifting. In 2019, 181 of America's leading CEOs signed a 'Statement on the Purpose of a Corporation' that signaled a move away from the power of shareholders. Instead, it focused on business run for the benefit of customers, employees, suppliers, communities – and shareholders.<sup>11</sup> The statement has moved ESG up the corporate agenda in boardrooms around the world.

11. <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>











It can't be local for the sake of local – for example, producing tomatoes locally but with lots of pesticides and under a tent. It has to be a meaningful approach to support surrounding communities and produce goods efficiently in the right way.

**Maria Outters,**

Group SVP, Corporate Social Responsibility, Sodexo







## 2.

# How responsibility breeds resilience

### Going local beyond Covid-19

The Covid-19 crisis has highlighted the vulnerabilities of global supply chains and is prompting more businesses to source more locally and responsibly. More than 15% of companies plan to invest more in localized production to safeguard their businesses against future risks, according to Euromonitor research.<sup>12</sup>

Sodexo's aeroponic gardening initiative at Garden Spot Village in Pennsylvania is a hyperlocal example of sourcing responsibly and for impact. The retirement community can now grow fresh produce for residents all year round using far less space and water than conventional farming methods. This has cut costs by \$36,000 every year and slashed the village's own carbon footprint.

That kind of localized production can also increase trust. In research by GlobalData, 76% of consumers in 11 countries say that locally imported products are "completely" or "somewhat" trustworthy.<sup>13</sup>

But "it can't be local for the sake of local," cautions Sodexo's Maria Outters. "For example, producing tomatoes locally but with lots of pesticides and under a tent. It has to be a meaningful approach to support surrounding communities and produce goods efficiently in the right way."

12. <https://www.euromonitor.com/voice-of-the-industry-sustainability/report>

13. <https://www.globaldata.com/localism-will-show-high-relevancy-covid-19-pandemic-subsided/>

Although 71% of us think the climate crisis is as serious as Covid-19, we are no more willing to change our climate behaviors than we were in 2014.

### **Can we close the intention-behavior gap?**

For many of us, consumption has taken on new meaning, and reflects our desire to have a positive impact on the world and our sense of responsibility toward future generations.

But there's a problem. Although 71% of us think the climate crisis is as serious as Covid-19, we are no more willing to change our climate behaviors than we were in 2014.<sup>14</sup>

Two in five of us (40%) think we're doing as much as we possibly can on some specific behaviors such as recycling and saving energy and water at home. And when it comes to meat consumption, only 41% of us are likely to eat less meat or replace it in some meals – 39% are unlikely to make the change.

How can businesses navigate this paradoxical mindset? It's about educating employees and consumers, but also building in the benefits. And convenience is key, says Outters. Placing healthy snacks in the canteen within easy reach and putting the chocolate bars overhead, for example. "Businesses have a role to shift consumers toward more sustainable behavior," she says.

14. <https://www.ipsos.com/sites/default/files/ct/news/documents/2020-04/earth-day-2020-ipsos.pdf>







Covid prompted a rethink among some – but not all – consumers

**65%**

of consumers support a 'green' economic recovery from the Covid-19 crisis

**40%**

of consumers say they are doing as much as they can when it comes to behaving sustainably

**41%**

of consumers are likely to eat less meat or replace it in some meals

True success lies in setting measurable, time-bound, responsible targets that extend across business lines and all work toward the same overarching objective.

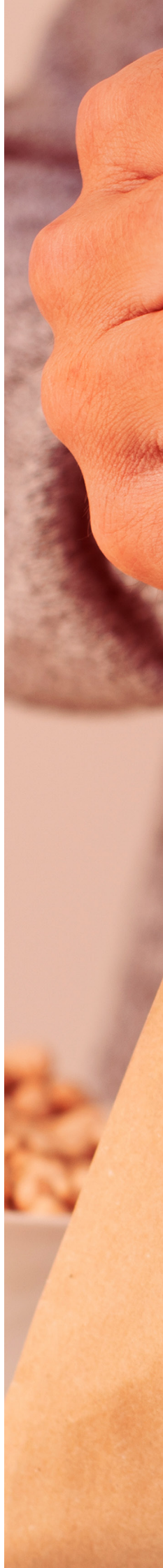
**Hit the targets – but make them the right ones**

Sustainability is not a zero-sum game, and improvement in one area of the business does not make a sustainable organization. True success lies in setting measurable, time-bound, responsible targets that extend across business lines and all work toward the same overarching objective.

According to Outters, measuring, tracking and reporting progress is the driving force behind a credible and effective corporate social responsibility (CSR) strategy. “It’s important to be able to report and monitor real progress in sustainability,” she says. “Otherwise, it’s simply greenwashing.

“People are becoming more educated about understanding what is fake,” she warns.

Expectations are high and rising, and businesses are responding by setting tangible goals. A review of top global Sodexo customers found that 100% have established targets related to their carbon footprint, energy and waste reduction, 70% have them for diversity and inclusion, and 50% have them for plastic reduction.







### **Sodexo is a partner**

of the Food for Climate League, an organization dedicated to making sustainable eating more accessible. Together, the two organizations are working to scale sustainable food solutions and educate others to talk about the link between food and climate.



# 3.

## Three approaches to accelerate corporate sustainability

### Galvanize your greatest asset

Environmental advocacy by employees is a powerful force for change within organizations. Making your sustainability journey concrete for your employees – whether by transforming office setups, changing the way energy and waste are managed or promoting sustainability-centric worklife habits – can go a long way towards driving this change. Microsoft, for example, says its workforce will be the firm's biggest asset in advancing sustainability innovation.<sup>15</sup>

Nearly 10 years ago, Microsoft set up an internal 'carbon tax' to hold its divisions financially responsible for reducing their emissions. These business units include the cost of carbon in their annual budgets, so they have an incentive to reduce their carbon footprints.<sup>16</sup> In 2020, when the company launched its aggressive program to cut carbon emissions by more than half by 2030 (both for direct emissions and for its entire supply and value chains), it was partly funded by expanding the internal carbon tax.

Luxury group Kering is another business that's putting sustainability at the center of its business strategy. The company, which is known for having an environmental P&L, has tied executive bonuses to its sustainability targets in order to incentivize the company leadership. "It's a signal to show them that sustainability is really linked with the business strategy," explains Marie-Claire Daveu, Kering's Chief Sustainability Officer and Head of International Institutional Affairs. The company's CSR commitments are also helping it to attract talent in Asia, says Daveu, where potential employees are sensitive to and make the link between pollution, health and sustainability.<sup>17</sup>

### Build a movement

The most successful employee-led sustainability campaigns increase brand loyalty beyond a business transaction by prioritizing issues that are important to the business model and the employees around those issues.

Outdoor brand Patagonia, which is synonymous with environmental activism, for instance, its digital campaign Action Works,<sup>18</sup> which focuses on working with non-governmental organizations that they can engage with on sustainability issues, either by donating money or providing labor or joining events.

The company's mission to "do good" also informs its hiring process: "we have a job opening and we hire the person who's best for the planet no matter what," says Yvon Chouinard in *Fast Company*. "It's made a huge difference in the company."

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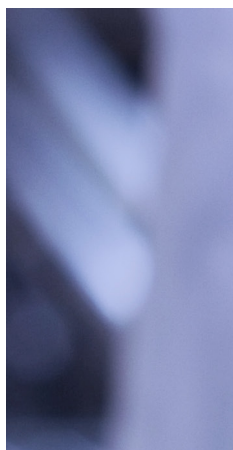
15. <https://blogs.microsoft.com/blog/2020/01/16/microsoft-will-be-carbon-negative-by-2030/>

16. <https://unfccc.int/climate-action/momentum-for-change/financing-for-climate-friendly/microsoft-global-carbon-fee>

17. <https://qz.com/434407/how-the-luxury-group-kering-treats-sustainability-as-a-serious-business-strategy/>

18. <https://eu.patagonia.com/gb/en/actionworks/>

19. <https://www.fastcompany.com/90280950/exclusive-patagonia-is-in-business-to-save-our-home-planet>

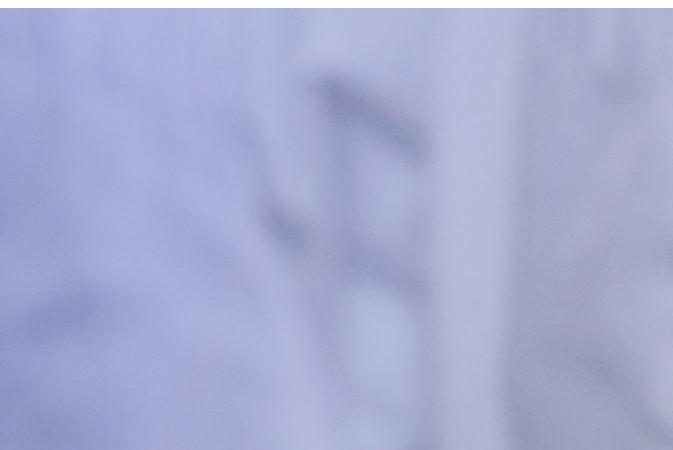




environmental advocacy  
brands' credibility and foster  
business's four walls. They do  
issues that strategically align  
, and building communities

Patagonia has become  
environmental activism. Take,  
activism platform Patagonia  
connects customers directly  
al organizations. This means  
grassroots organizations  
oney, volunteering skilled  
, protests and marches.

on statement to proactively  
its hiring strategy. "Whenever  
, all things being equal, [we]  
committed to saving the  
t the job is," says founder  
*Pat Company*.<sup>19</sup> "And that's  
e in the people coming into



Systemic challenges like pandemics – and climate change – demand a systemic approach, and more organizations are collaborating to address the shared challenge of sustainability.

### **Address systemic challenges with systemic solutions**

The pandemic has shown us that collaboration is possible in surprising places. Few would have predicted, for instance, that Burger King would one day invite consumers to order from its rival McDonald's to support the wider food-service industry.<sup>20</sup>

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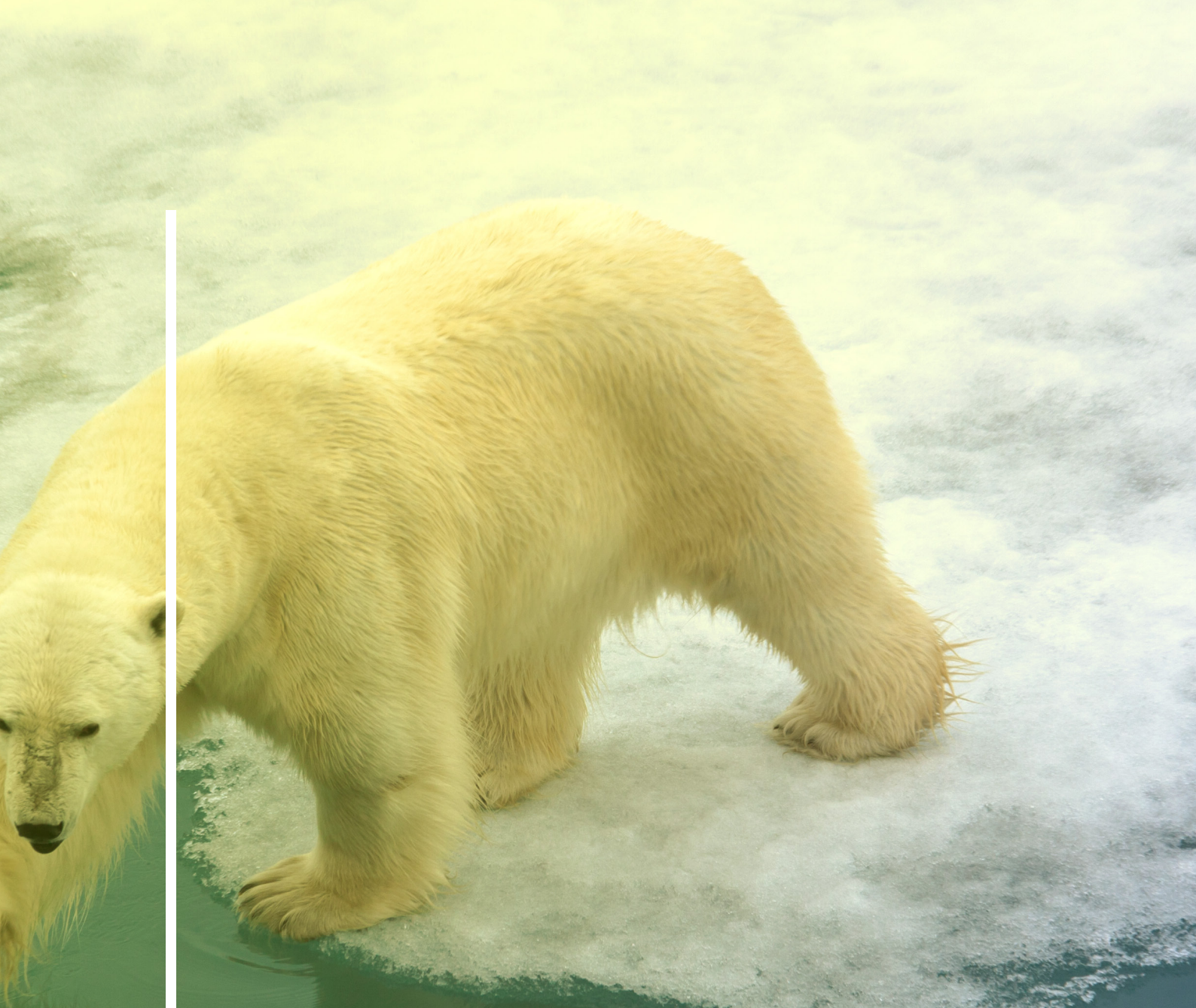
Outdoor brand Polartec's recent collaboration with sustainable Swedish sportswear brand Houdini is an example of a partnership designed to fast-track solutions for the good of the planet. In 2020, Polartec developed a high-performance fabric made from over 70% recycled PET. It sheds fibers up to 80% less than ordinary fleece and can be recycled or broken down to its raw form and repurposed into new yarn to make products. Polartec partnered with Houdini to launch the open-source Project Mono Air, which meant it could share the technology with the world. "If we want to really change the industry for the better, we can't keep our innovations and discoveries to ourselves," says Houdini CEO Eva Karlsson. "If we all share the problem, why not also share the solutions?"<sup>21</sup>

20. <https://www.campaignlive.co.uk/article/burger-king-encourages-consumers-order-arch-rival-mcdonalds/1698982>

21. <https://www.forbes.com/sites/melaniewindridge/2021/01/27/sustainable-fabrics-reducing-the-impact-of-microplastics-on-the-planet/?sh=227d51dc4e74>







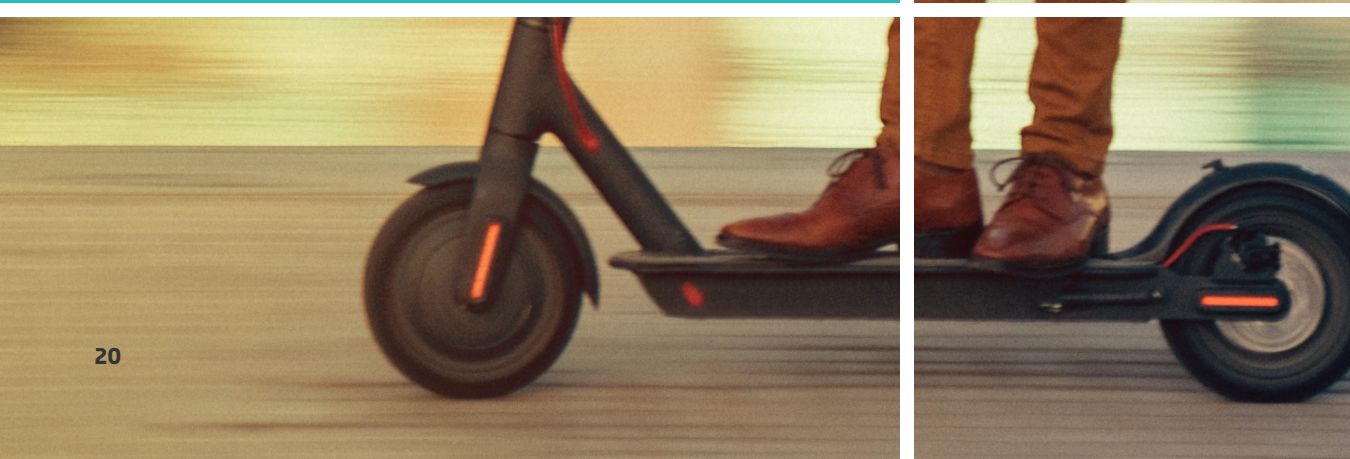
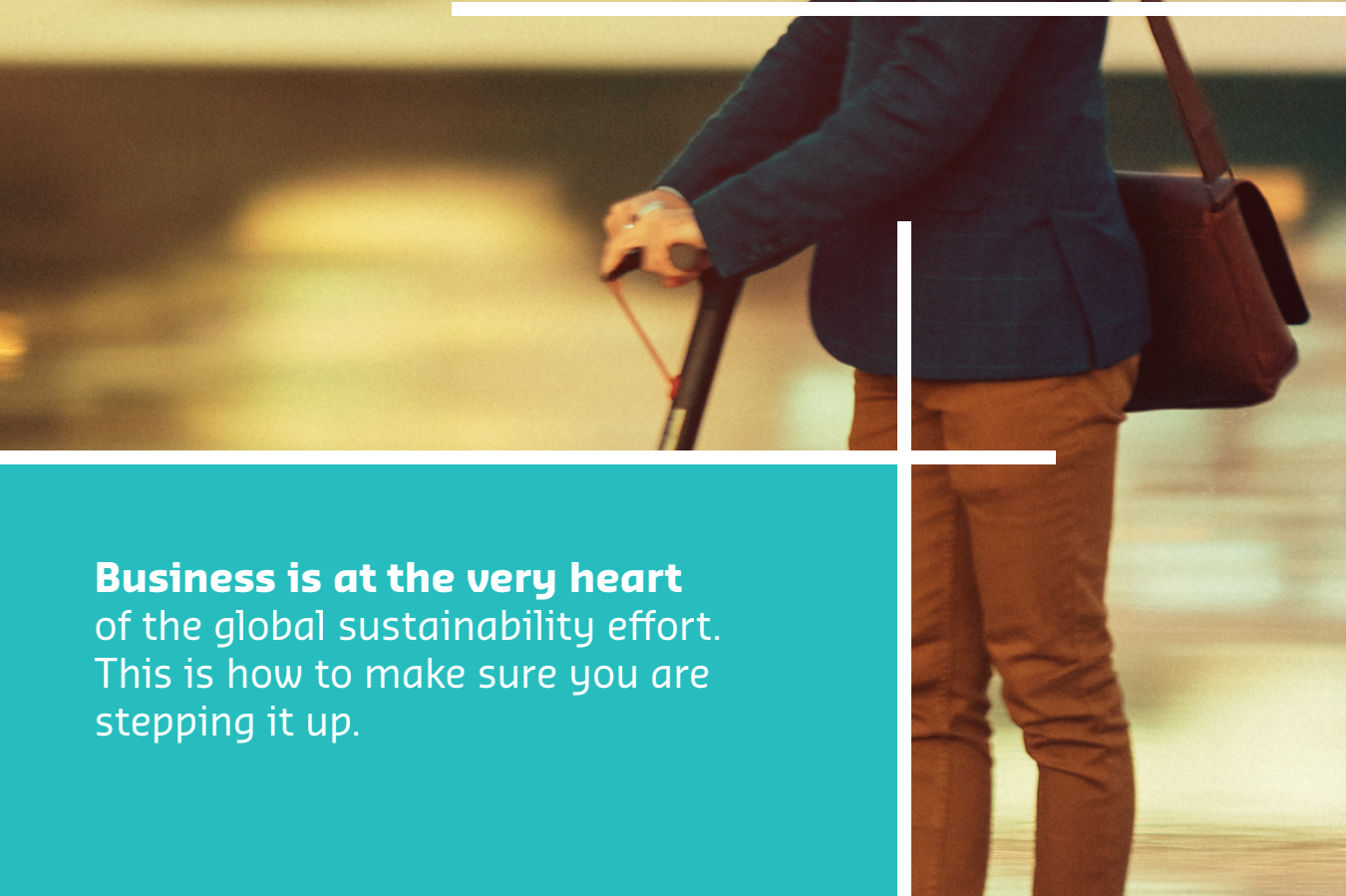
### **Sodexo has been working**

with WWF since 2010 to reduce its impact on natural ecosystems. Together, the two organizations have set credible, science-based and ambitious targets to drive environmental change. In 2019, for instance, Sodexo pledged to reduce carbon emissions by 34% by 2050, making it the first food services company to align its carbon target with the Paris Agreement aim of limiting global temperature rise to 1.5°C.





**Business is at the very heart**  
of the global sustainability effort.  
This is how to make sure you are  
stepping it up.





# Press the accelerator

Leading businesses are seizing the opportunity to accelerate change and operate with purpose – and driving higher profits in the process. To join their ranks and improve performance sustainably, business leaders can take four important actions



## 1. Step up

1. Sustainability is mission critical – simply saying so is not enough. To truly move the needle, businesses must step up their actions by increasing ESG transparency, setting ambitious and measurable targets, and being bold in their ambition to make business more resilient for the long term.

## 2. Help along

2. Educate your people and make sustainable choices the convenient norm instead of the exception. They have good intentions – they just need to be reminded of the benefits.

## 3. Build out

3. Advocacy movements, internal or external, will foster loyalty and trust. Greenwashing has eroded confidence in sustainability claims in recent decades, so be transparent about both your targets and challenges – your customers, employees, supply chains and investors will thank you for it.

## 4. Come together

4. Collaborating for greater impact will extend your reach and increase your sustainability credibility. Whether you're focused on waste reduction, carbon emissions or your social credentials, sustainability doesn't operate in a silo; the challenges are too big to tackle alone.





**For more information visit**

<https://www.sodexo.com/home/positive-impact/sustainability.html>

**Contact Us Online**