

Reporting on sustainability and circular business models

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Sustainable business strategy and the ability to engage with circular innovations forms the basis FOR CIRCULAR INNOVATION AND TRANSFORMATION

**THE FIRM'S PURPOSE
SUSTAINABLE (SDG) BUSINESS STRATEGY
SDG-ORIENTATED STAKEHOLDER RELATIONS
TRACEABLE AND MEASURABLE RESULTS
REPORTING INTERNALLY AND EXTERNALLY**

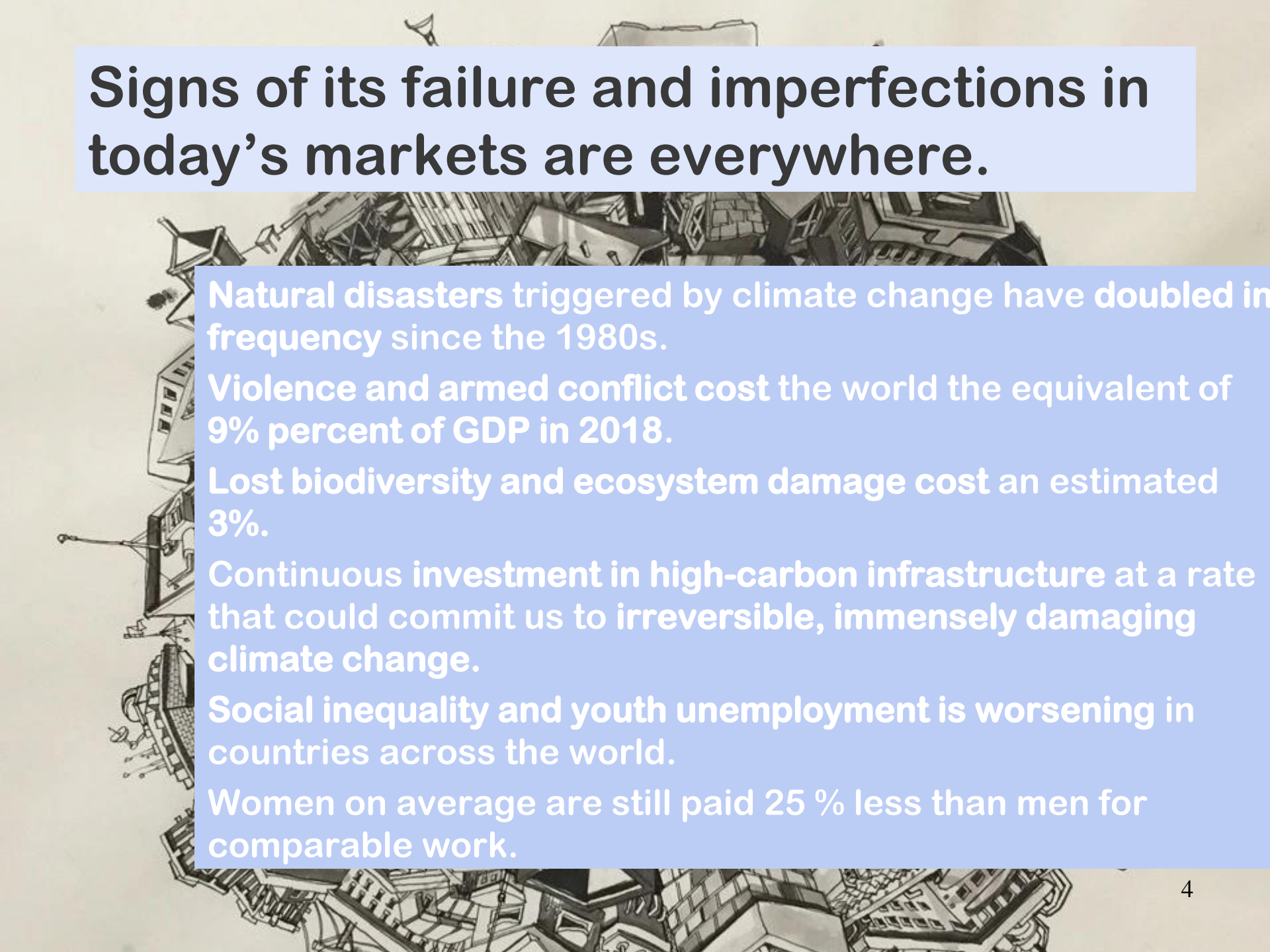
Over the past 30 years, the world has seen huge social improvements and technological progress

We have experienced unprecedented **economic growth** and lifted **hundreds of millions of people out of poverty**.

We're benefiting from a **life-changing digital revolution** that could help solve our most **pressing social and environmental challenges**.

Yet despite these successes, **our current economic model is deeply flawed**.





Signs of its failure and imperfections in today's markets are everywhere.

Natural disasters triggered by climate change have doubled in frequency since the 1980s.

Violence and armed conflict cost the world the equivalent of 9% percent of GDP in 2018.

Lost biodiversity and ecosystem damage cost an estimated 3%.

Continuous investment in high-carbon infrastructure at a rate that could commit us to irreversible, immensely damaging climate change.

Social inequality and youth unemployment is worsening in countries across the world.

Women on average are still paid 25 % less than men for comparable work.

A black and white portrait of Albert Einstein, showing his characteristic wild, white hair and mustache. He is looking slightly to the right of the camera with a thoughtful expression. He is wearing a dark, textured jacket or sweater.

Insanity

...is doing the same thing over and over again and expecting a different result.

In a world of finite resources and growing population, the traditional “take-make-dispose” economic model is increasingly unsustainable.

.... meaning unprofitable in the long run

So what do business leaders do?



Business leaders today strike out in new directions to embrace more sustainable and inclusive economic models:

Low-carbon and environmentally sustainable, while turning poverty, inequality and lack of financial access into new market opportunities for smart, progressive, profit-oriented companies.

“

**Without a sense of purpose,
no company,
either public or private,
can achieve its full potential.
It will ultimately lose the
license to operate from key
stakeholders.**

LARRY FINK, CEO, BLACKROCK

”

**Redefine the
purpose of
business:
January 2018**

"Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society."

– Larry Fink | CEO | BlackRock

August 2019: CEOs of nearly 200 of the top companies in the US
redefine the meaning of the company:
The interests of the shareholders are no longer in the first place - the
new focus is on a better society.

STATEMENT ON THE PURPOSE OF A CORPORATION

Americans deserve an economy that allows each person to succeed through hard work and creativity and to lead a life of meaning and dignity. We believe the free market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment and economic opportunity for all.

Businesses play a vital role in the economy by creating jobs, fostering innovation and providing essential goods and services. Businesses make and sell consumer products; manufacture equipment and vehicles; support the national defense; grow and produce food; provide healthcare; generate and deliver energy; and offer financial, communications and other services that underpin economic growth.

**WHILE EACH OF OUR INDIVIDUAL COMPANIES SERVES ITS OWN CORPORATE PURPOSE, WE SHARE
A FUNDAMENTAL COMMITMENT TO ALL OF OUR STAKEHOLDERS. WE COMMIT TO:**

DELIVERING VALUE TO OUR CUSTOMERS. We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.

INVESTING IN OUR EMPLOYEES. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.

DEALING FAIRLY AND ETHICALLY WITH OUR SUPPLIERS. We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.

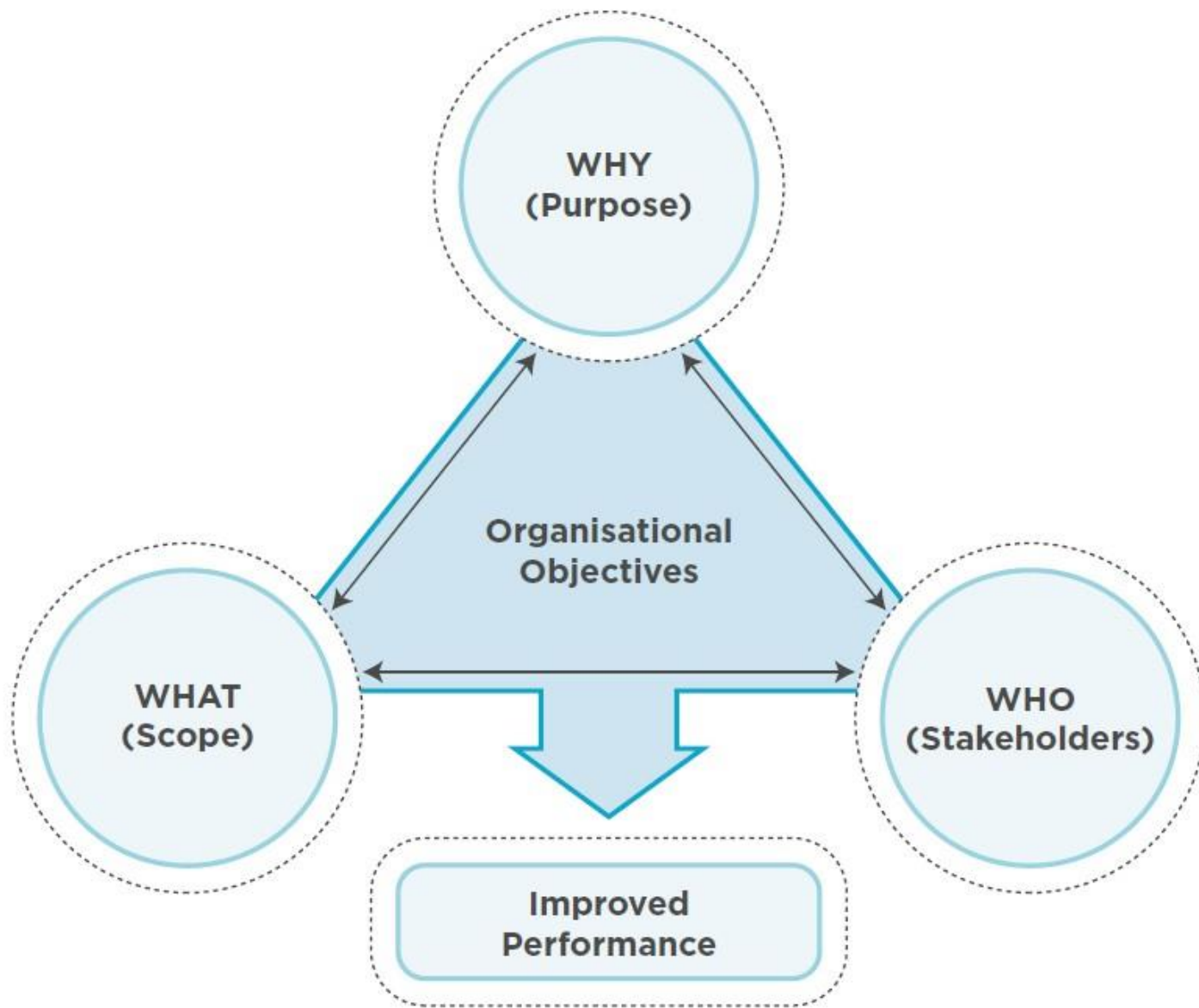
SUPPORTING THE COMMUNITIES IN WHICH WE WORK. We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.

GENERATING LONG-TERM VALUE FOR SHAREHOLDERS, WHO PROVIDE THE CAPITAL THAT ALLOWS COMPANIES TO INVEST, GROW AND INNOVATE. We are committed to transparency and effective engagement with shareholders.

**EACH OF OUR STAKEHOLDERS IS ESSENTIAL. WE COMMIT TO DELIVER VALUE TO ALL OF THEM,
FOR THE FUTURE SUCCESS OF OUR COMPANIES, OUR COMMUNITIES AND OUR COUNTRY.**

BRT.org/OurCommitment





**Contribute to Goals
... and know your**

**and targets
impacts**



A compelling growth strategy for individual businesses, for business generally and for the world economy



SLOVENIA

OECD Countries

▼ OVERALL PERFORMANCE

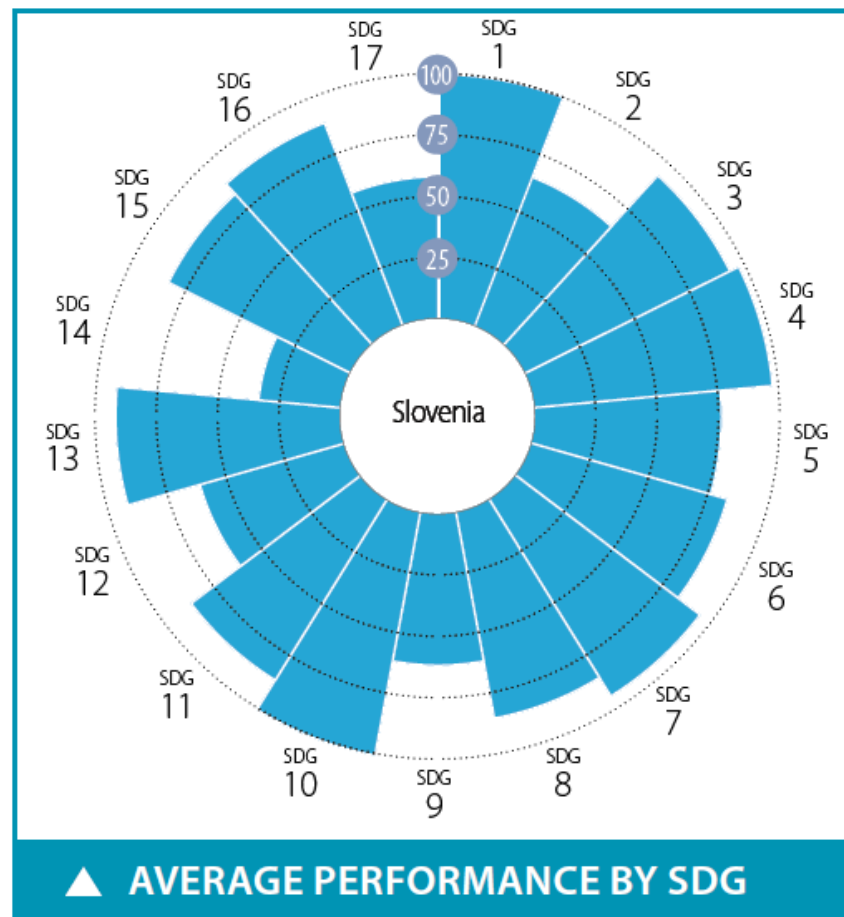
Index score



Regional average score



SDG Global rank 12 (OF 162)



Source: SDG Index Report 2019

▼ CURRENT ASSESSMENT – SDG DASHBOARD



■ Major challenges
 ■ Significant challenges
 ■ Challenges remain
 ■ SDG achieved
 ■ Information unavailable

▼ SDG TRENDS



↓ Decreasing
 → Stagnating
 ↗ Moderately improving
 ↑ On track or maintaining SDG achievement
 ●● Information unavailable

Notes: The full title of Goal 2 "Zero Hunger" is "End hunger, achieve food security and improved nutrition and promote sustainable agriculture".
 The full title of each SDG is available here: <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals>

Source: SDG Index Report 2019

GOVERNANCE (20-24)

6.0

PLANET (1-8)

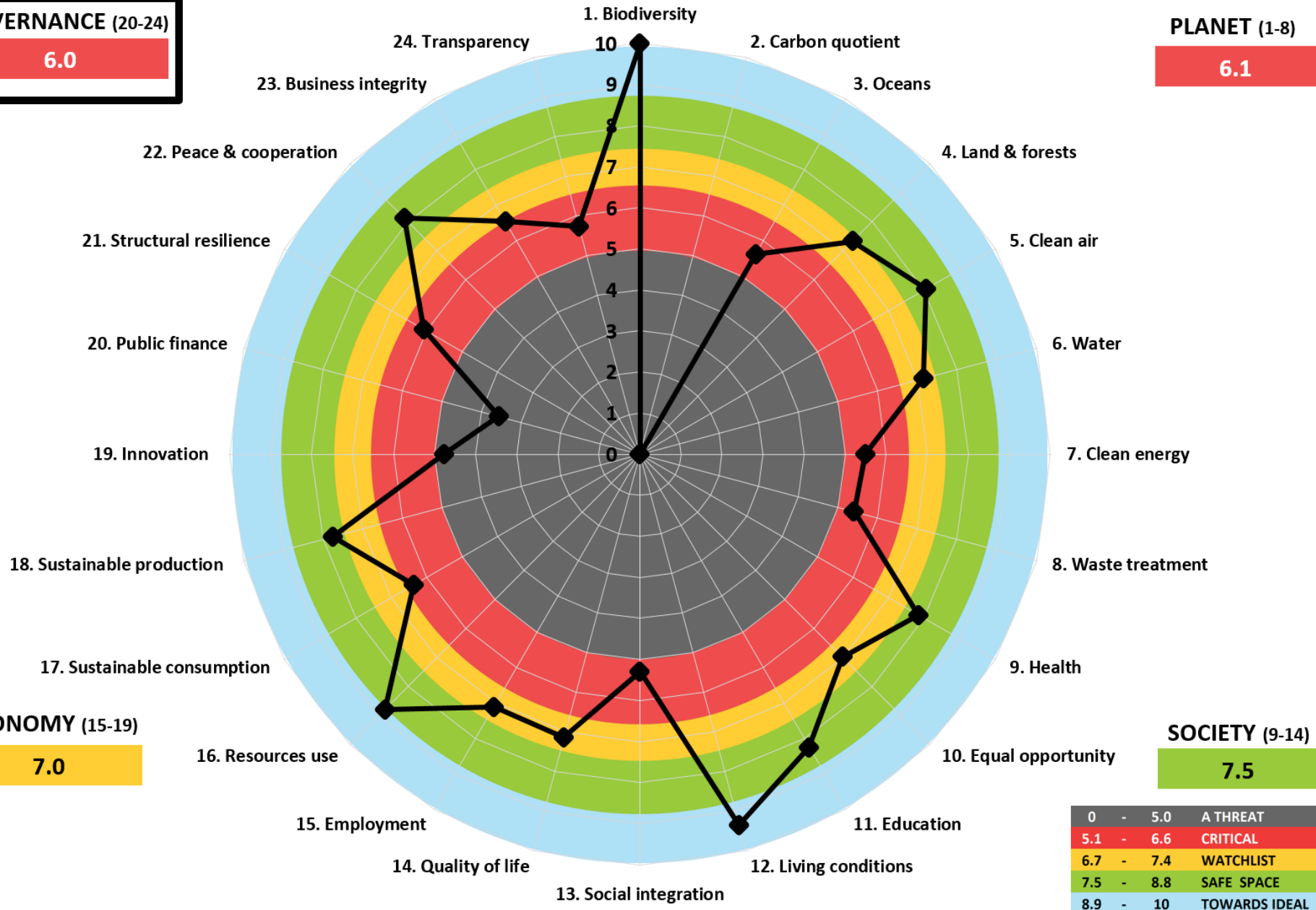
6.1

ECONOMY (15-19)

7.0

SOCIETY (9-14)

7.5





KEY CHALLENGES



ACTIONS

No common definition of 'sustainable investment'



EU classification (taxonomy) for sustainable activities



RELIABLE
INFORMATION

Risk of 'greenwashing' of investment products



Standards and labels for 'green' financial products give investors certainty



Banks and insurers often give insufficient consideration to climate and environmental risks



Study if capital requirements should reflect exposure to climate change and environmental risks



SUSTAINABILITY
AND RISK
MANAGEMENT

Investors often disregard sustainability factors or underestimate



Clarify institutional investor duties to consider sustainable finance when allocating assets



Too little information on corporate sustainability-related activities



Enhance non-financial information disclosure



LONG-TERMISM
IN GOVERNANCE

A satellite map of Europe is shown in the background, with a dark blue overlay. Six yellow stars are arranged in a semi-circle at the top, mimicking the European Union flag. The title 'THE EU TAXONOMY' is written in large, white, bold, sans-serif capital letters on the left side of the map.

THE EU TAXONOMY

**A classification system for the finance industry:
what qualifies as a sustainable investment -
contributing to the global goals, a better world, a
sustainable future?**

**Corporations need to provide information and
evidence to prove to be such an investment.**

EU Non Financial Reporting Directive 2014/95/EU



Beginning from 2017 EU law requires **large companies** to disclose certain information on the way they operate and manage social and environmental challenges.

This helps investors, consumers, policy makers and other stakeholders to evaluate the **non-financial performance** of large companies and encourages these companies to develop a responsible approach to business.

Environmental, Social & Governance aspects (ESG)

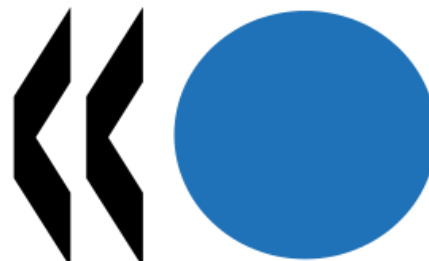
Under Directive 2014/95/EU, large companies have to publish reports on the policies they implement in relation to

- environmental protection
- social responsibility and treatment of employees
- respect for human rights
- anti-corruption and bribery
- diversity on company boards
(in terms of age, gender, educational and professional background)



United Nations Global Compact

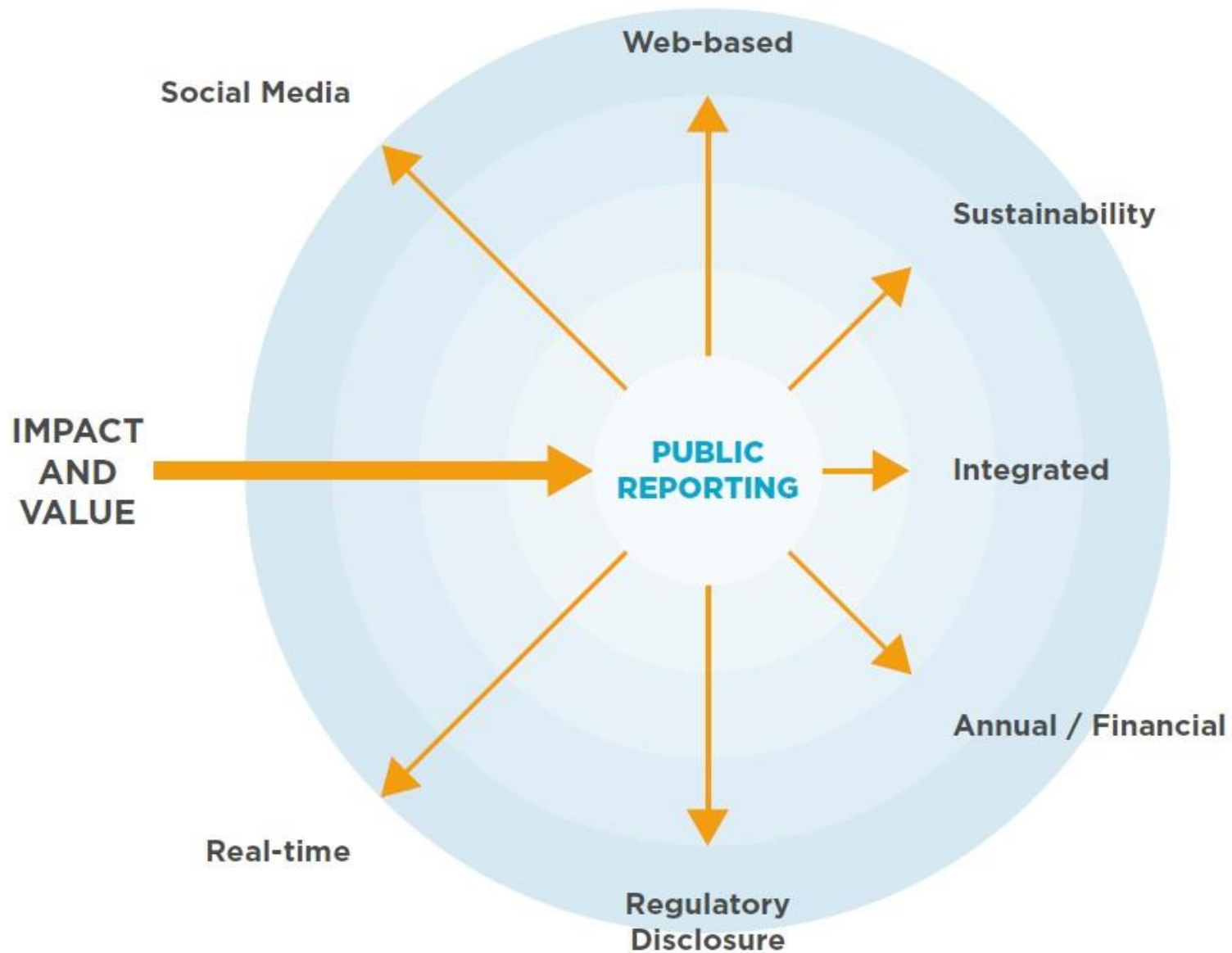
OECD

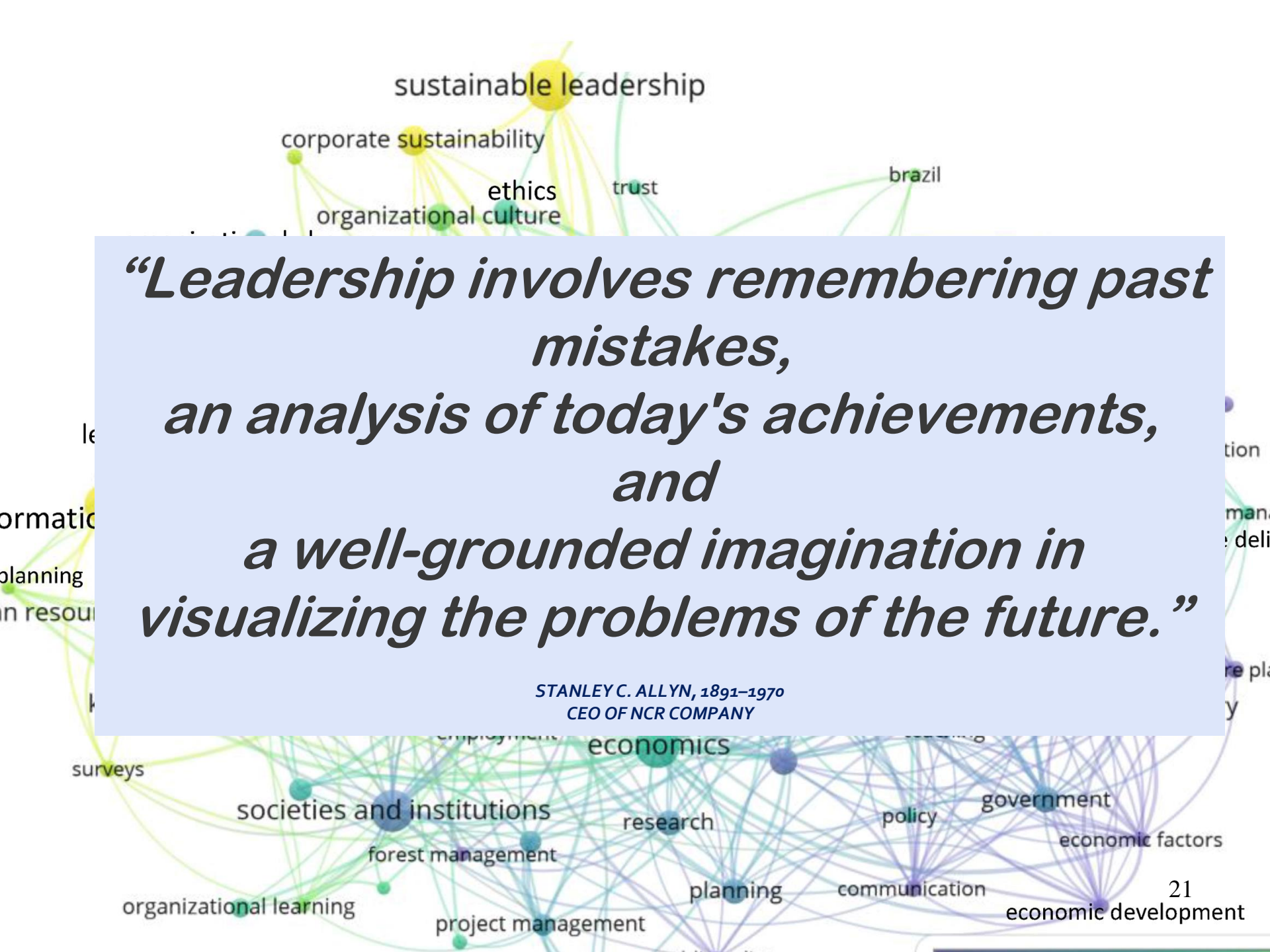


KPIs: measure, monitor, evaluate



Forms of Reporting





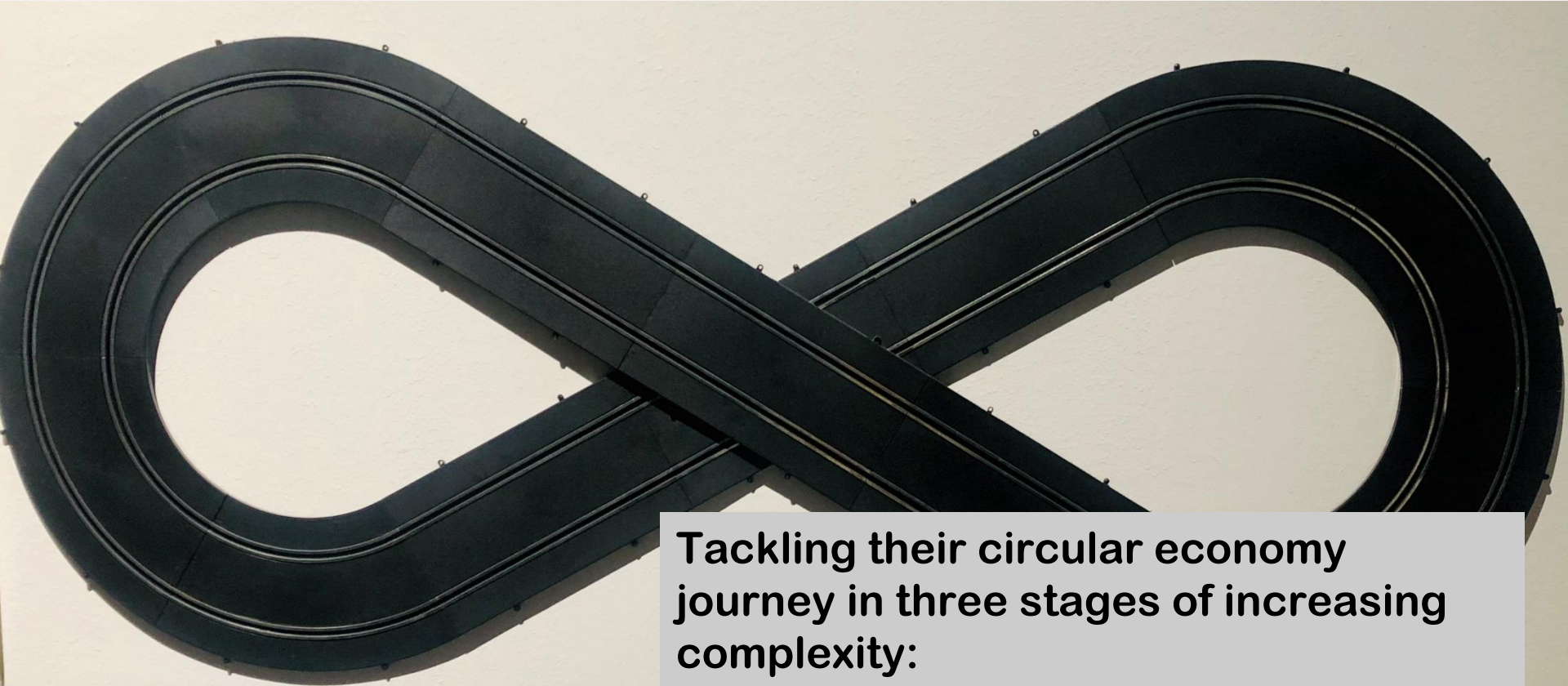
***“Leadership involves remembering past mistakes,
an analysis of today's achievements,
and
a well-grounded imagination in
visualizing the problems of the future.”***

STANLEY C. ALLYN, 1891–1970
CEO OF NCR COMPANY

Transforming our world
to the better




How leading companies are making the circular economy come to life



Tackling their circular economy journey in three stages of increasing complexity:

1. process innovation
2. product innovation
3. business model innovation

10 practical recommendations for putting circular initiatives in place

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1. **Engage with external stakeholders**
 2. **Ensure consistent and strong top management support**
 3. **Define “circular” and communicate the vision**
 4. **Quantify specific ambitions and develop a business case**
 5. **Educate your employees**
 6. **Engage and empower business units**
 7. **Start with process innovation, then move to product innovation and business model innovation**
 8. **Collaborate with external partners**
 9. **Define and align KPIs for goals and accountability**

Thank you
...and have a great
circular journey!

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