A Better World,
Through Better Business

NYU | STERN

Center for
Sustainable Business

2016 Year End Report

2016 OVERVIEW

The Center for Sustainable Business (CSB), which launched in January, 2016 at NYU Stern School of Business, envisions a Better World Through Better Business. The CSB works to integrate sustainability into the business school through education, research, media outreach, corporate partnerships and career development.

At its launch, the CSB articulated three goals: 1) Ensure Stern students are well prepared to contribute value to business and society through sustainable management and practice; 2) Contribute to state of the art thought leadership and practice in mainstreaming sustainability into finance, operational efficiency, supply chain management, and consumer engagement; and 3) Engage the private sector in solving sustainability challenges related to urbanization, climate change and water.

Offshore wind turbine farm along the Volkerak, The Netherlands.

CSB is staffed by Director and Clinical Professor Tensie Whelan, Associate Director Sophie Waskow Rifkin, an Associate Director of Development Esther DeVito, and Administrative Aide Holly Williamson. Its research scholar team consists of Elyse Douglas, former CFO of Hertz; Rani Kronthal-Sacco, former CMO of Rodan + Fields and senior marketing executive at Johnson & Johnson; Marianna Koval, former head of the Brooklyn Bridge Conservancy; Tom Manning, a sustainable finance consultant; and Rodrigo Zeidan, Associate Professor of Practice of Business and Finance at NYU Shanghai.

The CSB has a robust Advisory Board with C-Suite leaders from leading corporations. The Advisory Board is comprised of Raphael Bemporad, founding partner of BBMG; David Chubak, Chief Productivity Officer of Citigroup; Guillaume Le Cunff, President of Nespresso USA; Kees Kruythoff, President of Unilever North America; and John D. Williams (Chair), CEO of Domtar. The CSB also has a diverse network of Advisors who are sustainability practitioners with expertise in finance, academia, consulting, data analytics and reporting.

EDUCATION

In September, the CSB launched a new undergraduate course entitled *Sustainability for Competitive Advantage*. The course consisted of lectures, in-class exercises and discussion, and visits from sustainability practitioners. For their final projects, students served as mock consultants for a company of their choice and provided recommendations on a sustainability management plan. During the final class, students heard from a panel of Stern alums working in the sustainability field. This course will be taught at the MBA level in Spring 2017.

An engaged audience member at an NYU Stern CSB event

The CSB ran two successful executive courses with Nespresso and Domtar on *Sustainable Leadership for the 21st Century Corporation*. These courses allowed the CSB to engage and train corporate leaders on sustainability management practices and build visibility, credibility, and funds for the CSB. Both courses received high marks and the CSB is currently developing new courses with additional corporate partners.

The CSB continues its work to integrate sustainability throughout the existing curriculum at Stern. CSB staff participated in conversations around redesigning the existing Business and Society Program core courses, as well as shaping a new undergraduate co-concentration in Sustainable Business, which launched this Fall. This integration will help to ensure that all undergraduate Stern students are exposed to sustainable business concepts as part of their general course of study.

We also are helping engage with existing co-curricular channels such as the Stern Signature Projects, and in-class consulting projects. This fall, students are working with the NYC Green Infrastructure project team on an applied project and are also assisting Pfizer with a sustainability employee engagement project as part of their coursework. These opportunities give students exposure to practical areas of sustainability and allow the CSB to deepen and enhance corporate relationships.

Dean Peter Blair Henry attends the Paul Polman reception

RESEARCH

CSB recruited research scholars and companies to implement its research agenda, which is focused on demonstrating the business case for embedding sustainability in core business strategy. Following is an overview of the projects launched this year.

Deforestation-Free Supply Chains, Beef in Brazil: How to Assess Risk and Monetize Benefits — A pilot project, led by Stern in collaboration with McDonalds, A.T. Kearney, The Nature Conservancy, and several Brazilian NGOs, is designed to assess the financial implications of producing deforestation-free beef in Brazil. The impact and risk across the entire supply chain (producer, slaughterhouse, buyer, investors, and end product) will be evaluated.

New Sustainability Accounting Metrics — Automotive Industry: CSB is undertaking research to pilot a methodology that 1) aims to analyze investment in addressing material sustainability factors (as identified by the Sustainability Accounting Standards Board) by a company cross-referenced with the key mediating factors (e.g. innovation, risk reduction, operational efficiencies) and 2) sets key metrics for benchmarking and ongoing assessment. We propose to test this methodology with a group of CFOs from the automotive industry. With results in hand, we will 1) publish an academic paper and a paper in the business management press on our findings 2) engage other industries in testing the methodology and 3) work with members of the first industry chosen to implement these metrics and track performance over time.

Green Infrastructure: CSB is partnering with the NRDC to investigate the development of a green infrastructure program that will reduce stormwater runoff in New York City. This research will help DEP shape a program that leverages incentives and market forces to encourage adoption of green infrastructure.

Literature Review: CSB is undertaking research on the evolution of the CSR research field. The goal is to identify the key terms, journals, and research networks in place that have helped to disseminate and spread the theories in the CSR field. This work will analyze the factors shaping the academic field of CSR and help identify areas for further inquiry.

ESG Analysis: CSB is undertaking several pieces of research on Environmental, Social and Governance (ESG) investing: one is focused on an inventory and review of studies correlating sustainability and financial performance, another a review of ESG rating and data providers.

RESEARCH PAPERS PUBLISHED

- The Sustainability Business Case for the 21st Century Corporation and excerpt in Harvard Business Review
- Sustainable Finance Survey
- Green Bonds: What's New, What's Next and Why Does it Matter?
- Spotlight: Water Business Tools for Managing Water Resources and Risk

The CSB released its comprehensive methodology for examining the business case for mainstreaming sustainable practices into companies. This research explores the link between these metrics, and sustainability practices, as well as the related financial benefit (or loss). Sample metrics include human resources—retention, recruitment, morale; risk management—reputation, labor, regulatory; and innovation—improved systems, processes, or new products and services. The report provides examples of companies who are integrating sustainability into their practices and discovering powerful business benefits as a result. An excerpt of the report was published in HBR.

NYU Stern CSB research white paper on managing water risk

CASE STUDIES

Kashi: Growing the Organic Food Pipeline. This case study analyzed how Kashi overcome market challenges with 'natural' and 'organic' marketing and designed a new certification program (transitional organics), to help communicate the challenges in sustainable agriculture to consumers, and achieve new market penetration with its products.

In Process: Citibank: Multi-Stakeholder Involvement to Crack the Code for Energy Efficiency Financing for Retrofits. Citibank, one of the world's largest financial institutions, has been instrumental in creating a secondary market for unsecured energy efficiency retrofit loans. This case discusses the significant benefits that accrued from this effort including 1) collaboration within the bank 2) stronger relationships with NGOs 3) financial benefits to Citi and 4) environmental benefits to the global community.

In process: West Elm: Impact of Sustainability on Human Resource Practices. West Elm, a subsidiary of William Sonoma, is a retail furniture chain that focuses on affordable modern design, with expressed support of fair trade practices and local artisan products. Consistent with their purpose-driven brand, West Elm has moved their human resource effort to focus on an employee's "purpose" as a way to recruit, retain and motivate their predominately millennial-generation staff. The case will outline the results they have had with this initiative.

Avery Dennison: Innovative Adoption of Sustainability Brings B2B Label Company New and More Loyal Customers. Avery Dennison is a leading label manufacturer that is committed to sustainability across the entire company. Their focus on sustainable innovation has attracted new customers and deepened relationships with existing ones. This case highlights innovation in terms of new product offerings; e.g. a 100% recycled label made from plastic bottles for Wal-Mart and their partners as well as innovative marketing practices; e.g. strategic relationships with high fashion designers to showcase that sustainable apparel can be beautiful as well as good for the environment.

Nespresso: Supply Chain and Stakeholder Engagement. This case showcases how Nespresso engaged with its smallholder farmers to help protect the future supply of high-quality coffee, by helping them develop sustainable agronomic practices and earn a decent livelihood.

Exxaro: Mining and Water Risk Management. This case analyzed how Exxaro, a South African mining company, with major water risk, developed a comprehensive water management strategy to avoid business disruptions and reduce operational risk.

OUTREACH AND PARTNERSHIP

2016 EVENTS

The Center for Sustainable Business recruited C-Suite sustainable business leaders and sustainability practitioners to participate in events that drew wide audiences and were well-received by attendees. Events hosted in 2016 (in chronological order):

Fireside Chat with Guillaume LeCunff, CEO of Nespresso USA — Guillaume Le Cunff, CEO of Nespresso USA, and Tensie Whelan, Director of Stern's Center for Sustainable Business, kicked off the Stern Undergraduate College's Second Annual Social Impact Week.

Big Data and Sustainable Development — this event featured speakers from UN Global Pulse Columbia University, and the sustainability reporting community to talk about the role of big data in helping to advance sustainable development. It was moderated by Professor Vasant Dahr of NYU Stern who is an expert in the field.

Paul Polman speaking at NYU Stern

Future Jobs Fair — NYU Stern's Center for Sustainable Business co-hosted a Future Jobs Fair with Vice Media and Collectively. Students came to chat with leading pioneers, to apply for positions and to engage in a conversation around the future of work.

A Conversation with Unilever CEO Paul Polman on the 21st Century Corporation — hosted a conversation about the next generation of capitalism: how companies, in providing value to society, provide more value to themselves. The event covered how sustainability embedded in corporate strategy yields financial results, and the challenges the current financial system presents.

Doing Good is Good Business: A talk by global businessman and philanthropist David Arison — this event focused on how The Arison Group, a global business and philanthropic enterprise with a diversified portfolio in finance, real estate, infrastructure, renewable energy, water, is demonstrating leadership in sustainable business by implementing the Doing Good Model across all of its companies and philanthropic organizations in order to create positive impact on all levels—social, environmental, and economic.

Women in Sustainable Business — this event featured women sustainable business leaders from Etsy, Acumen, Bloomberg, Ox Verte, and NYU where they shared their experiences managing and leading their organizations.

Panel on Sustainability Leadership: How companies are realizing the value of sustainability in their business strategies — this event featured Adi Ignatius, Editor of Harvard Business Review, Georg Kell, Vice Chairman of Arabesque Partners, and Jonathan Maher, VP of CSR and Sustainability at L'Oreal, and panelists discussed what leadership in sustainability looks like for today's businesses.

Market-Beating Performance: How environmental and social factors contribute to achieving investment results with Parnassus Investments Founder and President Jerome L. Dodson — Parnassus Investments is a leading environmental, social and governance (ESG) investment firm. Jerome spoke about the founding of the firm, the business challenges it presented, and the firm's approach to ESG investing. He addressed the complexities of ESG financial analysis, and the role of environmental and social factors in achieving investment performance.

Panelists from the Women in Sustainable Business event

CORPORATE ENGAGEMENTS

CSB is actively engaged in helping companies integrate and develop sustainable business strategies in their operations. To that end, the CSB developed consulting projects with several partners this year. The first is the development of an online learning module for the Monetization Working Group. CSB is partnering with Stern's Innovation Lab and instructional designers to develop a module that will be used to help sustainability practitioners understand how to monetize sustainability investments. Secondly, the CSB assisted a leading skincare company develop a framework for assessing the sustainability of its packaging as part of a redesign for a launch in a new market.

CAREER DEVELOPMENT

The CSB is also helping students identify career opportunities and explore professional development while at Stern. The CSB facilitated internships with Rainforest Alliance, TBLI, iCompli, Inherent Group, and internships at the CSB. We have two MBA students assisting with a literature review to help aide our research agenda in supply chain and marketing, and have hired undergraduates to assist with organizational capacity development. The CSB organized a panel of Stern alums for a career discussion during the Fall undergraduate course, and will be hosting a Virtual Career Fair for MBAs in spring 2017. This builds on the Future Jobs Fair hosted in March of 2016 where students were able to connect with employers in a more relaxed informal setting and discuss the future of works, careers with impact, and sustainability opportunities.

Finally, the CSB continues to support student education and development by serving as faculty advisor to the MBA Social Enterprise Club, the undergraduate Net Impact club, and by providing individual student coaching to students seeking career and course of study guidance.

ACKNOWLEDGMENTS

The Center for Sustainable Business is proud to recognize those who helped make it all possible during our inaugural year. In the true spirit of a business school, we at CSB are responsible for funding our own work and making sure we are sustainable. A special thank you to the Citi Foundation for awarding the Center a leadership gift that helped pave the way for our successes outlined in this report. With support from Citi, as well as other groundbreaking supporters, such as Richmond Mayo-Smith III, the Center has positioned sustainability as a part of Stern's core as a leading business school.

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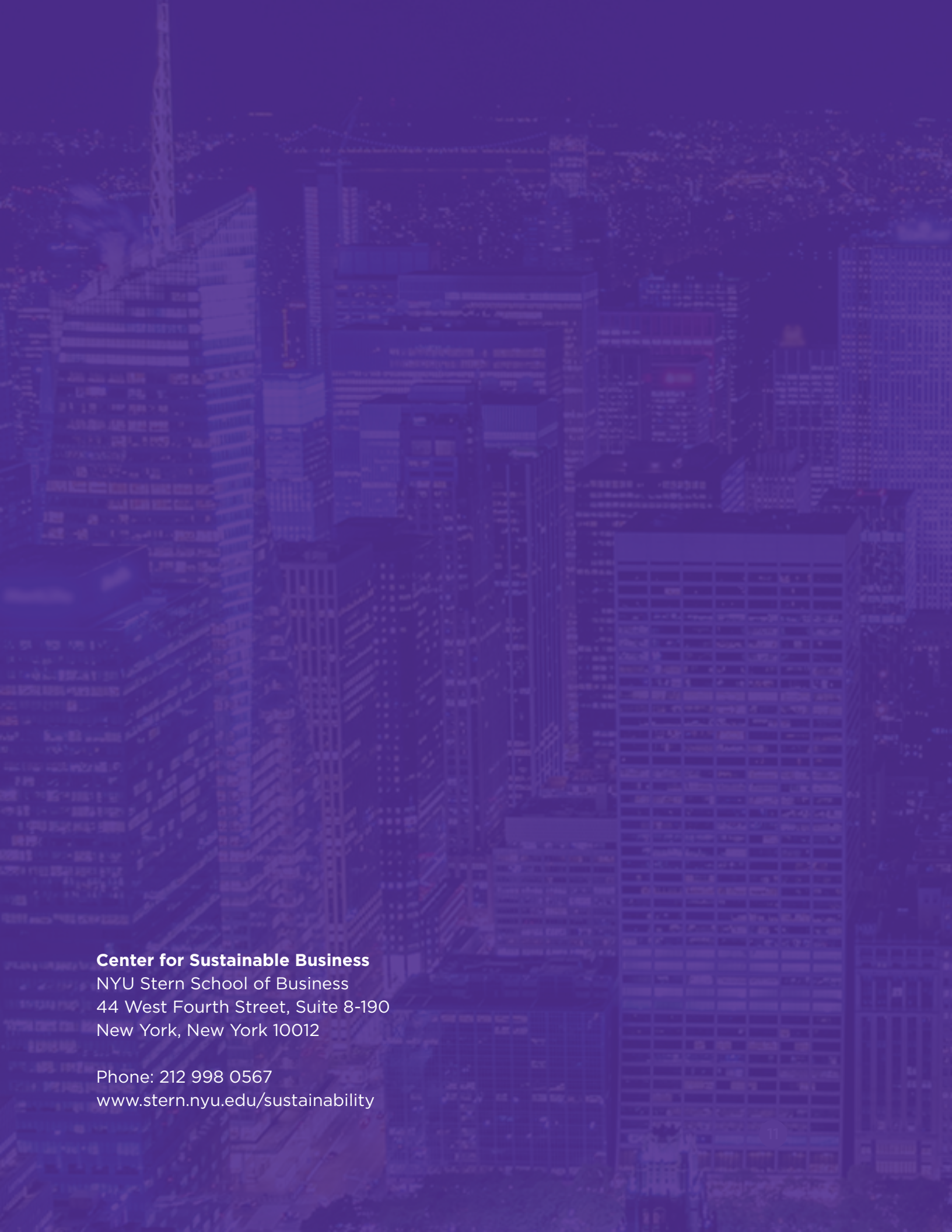
Donations and pledges received as of 3/31/2017.



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