The Survey Questions and Responses

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Special Report Sustainability Nears a Tipping Point

The Survey: Questions and Responses

1. What are the primary business challenges facing your organization over the next two years? (Please select your top three)
   - Innovating to achieve competitive differentiation
   - Growing revenue
   - Reducing costs and increasing efficiencies
   - Profitably acquiring and retaining customers
   - Responding effectively to disruption of our business model
   - Increasing operating speed and adaptability
   - Attracting, retaining and motivating talented people
   - Responding effectively to threats and opportunities of sustainability
   - Responding effectively to threats and opportunities of globalization

2. What factors does your organization consider as part of sustainability? (Please choose all that apply)
   - Increased emphasis on long-term perspective
   - Economic sustainability of the organization
   - Corporate social responsibility issues
   - Employee health and well-being
   - Environmental issues
   - Customer health and well-being
   - Safety issues
   - None of these

3. Is pursuing sustainability-related strategies necessary to be competitive?
   - Yes
   - No, but will be in the future
   - No
   - Do not know

4. Is the term “sustainability” concrete and useful?
   - Yes
   - No, but it is the best term available
   - No, I would suggest (please use commas to separate multiple suggestions)

5. Has your organization’s business model changed as a result of sustainability?
   - Yes
   - No
   - I do not know

6. Which of the following factors have led to changes in your business model as a result of sustainability considerations? (Please choose all that apply)
   - Resource scarcity (e.g., increased commodity prices and price volatility)
   - Owners’ demands for broader value creation (i.e., more than profits)
   - Customers willing to pay a premium for sustainable offering
   - Legislative / political pressure
   - Meeting demands of existing employees
   - Customers prefer sustainable products / services
   - Competitors increasing commitment to sustainability
   - Maintaining “license to operate”
   - Stricter requirements from partners along the value chain
   - Competing for new talent
   - None of the above

About the Research

For the third year, MIT Sloan Management Review, in partnership with the Boston Consulting Group, conducted a global survey, to which more than 4,000 executives and managers responded. The analysis in this report is based on a smaller subsample of 2,874 respondents from commercial enterprises, with respondents from academic, governmental and nonprofit organizations excluded. The respondents’ organizations are located around the world; more than 40% do business in at least three regions, led by Europe, North America and Australia/New Zealand. A wide variety of industries are represented. The sample was drawn from a number of sources, including MIT alumni, MIT Sloan Management Review subscribers, BCG clients and other interested parties.

In addition to these survey results, we interviewed academic experts and subject matter experts from a number of industries and disciplines to understand the practical issues facing organizations today. Their insights contributed to a richer understanding of the data and provided examples and case studies to illustrate our findings.

As a matter of terminology, we used “sustainability” to cover environmental, economic and societal topics. Respondents had a similar view. We asked respondents “What factors does your organization consider as part of sustainability?” and asked them to choose all that applied from a list of options. A clear majority selected economic sustainability (62.1%). Environmental and corporate social responsibility issues, increased emphasis on long-term perspective and employee health and well-being were in the next tier.
7. How has your organization’s commitment to sustainability — in terms of management attention and investment — changed in the past year?

- Significantly increased
- Somewhat increased
- Business as usual / No changes
- Somewhat decreased
- Significantly decreased
- Do not know

8. How do you expect your organization’s commitment to sustainability — in terms of management attention and investment — to change in the year ahead?

- Will increase significantly
- Will increase somewhat
- Business as usual / No changes
- Will decrease somewhat
- Will decrease significantly
- Do not know

9. What do you believe is the status of sustainability on the agenda of your organization’s top management?

- Already a permanent fixture and core strategic consideration
- On the agenda permanently, but not core
- Temporarily on the agenda, but not core
- Excluded from the agenda, because viewed as a passing fad
- Never considered for the agenda

11. What are the greatest benefits to your organization in addressing sustainability? (Please choose up to three reasons)

- Access to new markets
- Better innovation of business models and processes
- Better innovation of product / service offerings
- Enhanced stakeholder / investor relations
- Improved brand reputation
- Improved perception of how well company is managed
- Improved regulatory compliance
- Improved ability to attract and retain top talent
- Increased competitive advantage
- Increased margins or market share due to sustainability positioning

12. Regarding sustainability in your organization, does your organization have …

<table>
<thead>
<tr>
<th>YES</th>
<th>USED TO HAVE BUT NOW EMBEDDED IN OUR ORGANIZATION</th>
<th>USED TO HAVE BUT NO LONGER COMMITTED TO</th>
<th>NO BUT COMING SOON</th>
<th>NO</th>
<th>DO NOT KNOW</th>
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<tbody>
<tr>
<td></td>
<td>Strong CEO commitment to sustainability</td>
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<td>A chief sustainability officer (CSO)</td>
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<td>A separate function for sustainability</td>
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<td>Responsible person for sustainability per business unit</td>
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<td>Clear communication of responsibility of sustainability</td>
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<td>Separate sustainability reporting</td>
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<td>Company / operational KPIs related to sustainability</td>
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<td>Personal KPIs related to sustainability</td>
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<td></td>
<td>Link between sustainability performance and financial incentives</td>
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13. Overall, has your organization developed a clear business case or proven value proposition for addressing sustainability?

- Yes
- Have tried to, but too difficult to develop
- No
- Unsure
14. How significant an obstacle is each of the following to evaluating the business case for sustainability-related strategies? (Please rate on a scale of 1 to 5, where 1 = “Not at all significant” and 5 = “Very significant”)

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tr>
<td>Opposition from executives or influential individuals</td>
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<td>Difficulty quantifying intangible effects of sustainability strategies</td>
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<td>(e.g., brand reputation, employee hiring, retention and productivity)</td>
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<td>Difficulty predicting customer response to sustainability strategies</td>
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<td>Lack of individual financial incentives for considering sustainability</td>
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<td>Difficulty capturing comprehensive metrics about sustainability impact</td>
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<td>of operations</td>
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<td>Difficulty quantifying sustainability-related risks</td>
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<td>Lack of model/framework for incorporating sustainability in business</td>
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<td>cases</td>
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<td>Competing priorities</td>
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<td>Uncertainty about future carbon pricing</td>
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15. In general, how do you believe your organization’s sustainability-related actions/decisions have affected its profitability?

- Added to profit
- Broken even — neither adding to nor subtracting
- Subtracted from profit
- Do not know

16. Has sustainability caused your company to increase its collaboration with any of the following? (Please choose all that apply)

- NGOs
- Governments / policy makers
- Industry associations
- Competitors
- Customers
- Internal business units across geographies
- Internal business units across functions
- Suppliers
- Contractors
- Local communities affected by operations along the supply chain
- None of the above

17. How strong is your personal commitment to sustainability?

- Among my top priorities
- In line with other priorities
- Lower than other priorities
- No commitment

18. Could a difference in sustainability commitment between you and your current, or potential future, employer be a reason to change or not choose a company?

- Yes
- No
- Do not know

19. Which regions do you look to as world-class in addressing sustainability? (Choose all that apply)

- Africa
- Asia-Pacific
- Australia / New Zealand
- Europe
- Middle East
- North America
- South America
- None

20. Name the organizations that you look to as world-class in addressing sustainability. (Name 3-10 companies)

21. In which country do you currently reside?

- Africa
- Asia-Pacific
- Australia / New Zealand
- Europe
- Middle East
- North America
- South America
- None

22. In which country is your organization’s head office located?

23. Which of the following best describes your current position?

- C-suite executive (e.g. CEO, CSO, CFO)
- Manager
- Academic
- Non-profit executive
- Government staff
- Other

24. Which of the following best describes your organization’s industry?

<table>
<thead>
<tr>
<th>CLASSIFICATION</th>
<th>Sub-classification (ISIC codes)</th>
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<tbody>
<tr>
<td>• Academia / higher education</td>
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<td>• Automobiles</td>
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<td>• Chemicals</td>
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<td>• Commodities</td>
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<td>• Conglomerate / Multi-industry</td>
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<td>• Construction</td>
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<td>• Consulting / Professional services</td>
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<td>• Consumer products</td>
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<td>• Energy and utilities</td>
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<td>• Financial services</td>
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<td>• Healthcare</td>
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<td>• Industrial goods and machinery retail</td>
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<td>• Industrial services</td>
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<td>• Media and entertainment</td>
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<td>• Non-profit</td>
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<td>• Public sector / government</td>
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<td>• Technology and telecommunications</td>
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<tr>
<td>• Other</td>
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</table>
25. What is your organization’s total headcount?
• <50 employees
• 50 - 200 employees
• 200 - 1,000 employees
• 1,000 - 10,000 employees
• 10,000 - 100,000 employees
• >100,000 employees

26. In which region does your organization primarily conduct business?
• Global — primary business spread across three or more regions
• Africa
• Asia-Pacific
• Australia / New Zealand
• Europe
• Middle East
• North America
• South America
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