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Global Survey Finds Most Companies Lack Sustainability Strategy *Although Most See Sustainability Growing In Importance*

Wayzata, MN (June 11, 2008) – Results of a global survey of corporations on sustainability released today show that one-half of businesses polled lack a sustainability strategy. Those with a strategy are more likely to be focused on improving perceptions and responding to increasing regulations, rather than meeting social needs or generating revenue opportunities.

CEOs made up the majority of survey respondents, and although less than half have a strategy today, 55 percent said sustainability will grow in importance and require increased resources and attention.

The survey was developed by The Vandiver Group, Inc. (TVG), and sponsored by Pinnacle Worldwide (PWW), a global organization of independent public relations firms. The results represent companies on six continents, 25 countries and 40 industries. Of those who provided annual revenues, 18 percent had revenues from \$10 million to \$100 million; 9 percent were at \$100 million to \$1 billion and 13 percent were at \$1 billion or more. The results also show that companies are more focused on perception (7.1 on a 10-point scale) than revenue growth (rated 6 on the same scale). Meanwhile, companies rated reducing consumption and increasing pollution control as more important (7.1 and 6.6 out of 10, respectively) than meeting social needs (5.28 out of 10 points) as drivers of their sustainability strategies.

The study found that nearly one-third of businesses are developing a sustainability strategy, and just less than one-half already have an existing strategy. Six percent of respondents characterized their company as a “recognized leader” in sustainability. The survey found that larger companies were slightly more likely than smaller companies to have strategies and staff dedicated to the area of sustainability. An overwhelming 75 percent of respondents said sustainability is either “an important part of our organization’s corporate strategy,” or said they expect the topic “to become increasingly important in the future.”

Other Key Findings Include:

- CEOs were reported to be the primary drivers of sustainability decisions, with communications and public affairs managers rarely in that role.
- More than 65 percent of companies do not have dedicated sustainability staff. Of those with dedicated staff; nearly half have fewer than five employees working more than half of their time on sustainability.
- The highest-rated business strategy was to create a sustainability vision which establishes a shared roadmap for meeting current unmet needs.

- When asked about information sources, respondents said that empirical data in peer-reviewed journals and marketing data conducted by their own organization were the highest rated sources to support corporate decisions about sustainability. Blogs, radio and TV were the lowest-rated drivers, scoring below “somewhat important.”
- About half of respondents (46 percent) perceived media coverage of environmental topics as accurate about half the time, with 28 percent seeing reporting as “mostly accurate.” However, 22 percent rated media as “mostly inaccurate” or “extremely inaccurate.” When asked how they knew if media coverage was accurate or not, “personal opinion about environmental and natural science topics” was the leading basis for their perceptions of media accuracy.
- “Improving perception of the company” was rated as more important than increasing revenue via sustainability programs. However, revenue was still seen as “somewhat important.”
- Nearly half of companies surveyed have less than \$50,000 allocated annually to sustainability-related programs. Ten percent have more than \$50,000 allocated, and 3 percent have more than \$500,000 allocated.
- When asked about potential production methods for meeting the world’s food needs, respondents saw very little difference in current practices.
 - Biotechnology just slightly out-ranked organic farming, but not by enough to be statistically significant.
 - However, both food production practices out-ranked conventional farming.
 - Clearing forests and grasslands for food production, and ocean-caught fish, were seen as having the least potential for success at providing future food needs for the planet.

“With greening and environmental stewardship in the public spotlight, The Vandiver Group and PWW wanted to measure how sustainability is being seen in the business world,” Donna Vandiver, President and CEO of The Vandiver Group, Inc. and president-elect of PWW, said. “The survey uncovered opportunities for innovative companies to take a different approach from the mainstream focus on greening or pollution control,” she added.

“With most companies focused on pollution reduction or increased efficiency of resource use, moving beyond greening is a way for companies to differentiate themselves and create value in an increasingly cluttered ‘green’ environment,” John Osthus, sustainability practice leader for The Vandiver Group, said. “The results point out an opening for companies to innovate at the intersection of social needs, the environment and the bottom line. That’s important, because there is increasing pressure on food supplies, energy availability and critical natural resources, including water. We need new technologies and new communication strategies to address real problems, and less misinformation and misguided policy around environmental issues.”

According to Dr. Stuart Hart, Samuel C. Johnson Chair in Sustainable Global Enterprise at Cornell University, who inspired several of the survey questions, sustainability is a “tremendous revenue opportunity” and a chance for businesses to lead vitally important environmental and social

improvements at the same time. Dr. Hart points out that reinventing industry to reduce impact and address social needs offers far greater value to business leaders than pollution control.

"The results of this important survey underscore our work at Cornell's Center for Sustainable Global Enterprise," Dr. Hart said. "The biggest business opportunities associated with sustainability have yet to be seized by corporations, particularly those involving next generation clean technologies and those that serve the unmet needs at the base of the global income pyramid. At the Center, based at the Johnson School of Management, we have organized these twin areas of focus into two 'learning laboratories,' one focused on 'sustainable innovation,' the other on the 'base of the pyramid (BoP)."

The survey also examined attitudes around the increasing need for food as populations increase. The respondents indicated that modern farming technologies, such as crops that have been enhanced to resist insects or drought, while decreasing pesticide use, are more likely to meet population demands than conventional agriculture that relies on heavy tillage and more applications of traditional pesticides.

"The global need for food requires that it be available at an affordable price, in plentiful supply, and safe," Craig Ratajczyk, Director Global Issues and Alliances for the U.S. Soybean Export Council, said. "Technology advancements in soybean production such as biotechnology, more efficient harvesting equipment, and more effective agronomic practices are increasing productivity without increasing detrimental effects on the environment. U.S. soybean production is green and sustainable at the same time," he added.

"It is a very high priority for companies to be good stewards, but seeing sustainability as a revenue opportunity takes companies beyond reducing the environmental footprint, which is vitally important," according to Max McCombs, Vice President of Environmental Safety and Health for Solutia. "As individuals there are many things we can do to 'go green,' but as a corporation it is much more than that. It's a priority to have a sustainable environment and economy at the same time."

The study also resonated with global corporations that are not typically seen as heavy users of natural resources, such as London-based Aviva PLC, the world's fifth-largest insurance group.

"Aviva is the first insurance company to become carbon neutral across its global operations" said Andrew Moss, group chief executive of London-based Aviva PLC. Moss added, "It's important for our organization to reduce its carbon footprint and be a good citizen in the communities where we operate; we're pleased to see many like-minded CEOs taking steps to move their organizations towards sustainability."

Full results are posted at:

http://www.pinnacleww.com/whatsnew/20080605-Sustainability_Report.pdf

<http://www.vandivergroup.com/services/sustain/index-survey.php>

For more information about the survey or sustainability strategy services and communications services, contact John Osthus, Sustainability Practice Lead, The Vandiver Group, Inc. at 314-991-4641 ex. 130. Or email josthus@vandivergroup.com.

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Editor's Note: The survey was conducted online between April 15 and May 5, 2008. The survey asked business people how they approach sustainability strategy. The 338 respondents represented six continents, 25 countries and 40 different industries.

About The Vandiver Group, Inc.

The Vandiver Group, Inc. is a full-service, award winning strategic communications firm helping clients strategize, visualize, articulate and navigate communications issues by providing strategic counsel, reputation and image management, social media and word of mouth marketing, branding, services that support and further sustainability, market research, public relations, creative/graphics/web design and executive/employee training. For more information, visit <http://www.vandivergroup.com>.

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