

Sustainable Enterprise Value Map™ Bridging the gap between shareholder and stakeholder value

The Sustainable Enterprise Value Map (SEVM) is designed to accelerate the connection of sustainability actions to the bottom line. The map is a starting point in this process and can support every day decisions of where to spend time and resources that will result in winning in a competitive marketplace while preserving and promoting both society and the environment.

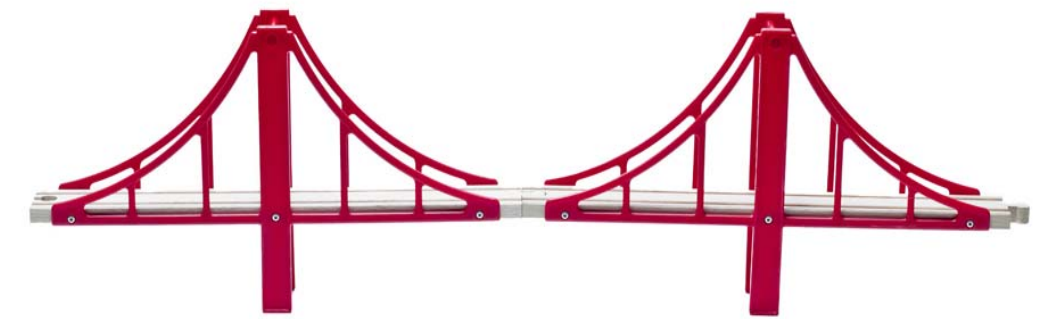
This map is an innovative tool which can be used to:

- Depict risks & opportunities related to sustainability;
- Identify actions that create sustainable value by simultaneously generating economic and environmental/social value;
- Establish linkages that improve the bottom line; and
- Develop business cases to justify environmental, social and sustainability investments.

There are two simple ways to use the map:

- **Horizontal use.** Ever wonder how addressing the sustainability issues of a specific part of the organization can impact shareholder value? Select a **Stakeholder Value Driver** from the left hand side of the map and follow that row across to identify sustainability actions that could be undertaken and how this would contribute to financial results.
- **Vertical use.** Start by selecting a specific **Shareholder Value Driver** that is an objective of the project or the organization (e.g., increase volume of sales). Scan down its column to identify actions that can be taken to improve environmental and social drivers as well.

The SEVM provides a unique view on the pervasive, evolving, and interconnected nature of sustainability issues and financial shareholder value. Contact your Deloitte professional for more information on the full Sustainable Enterprise Value Map and how it can be used to propel your sustainability activities.



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The Sustainable Enterprise Value Map (SEVM) is intended to demonstrate the integration of sustainability issues within traditional business practices and the direct linkage of shareholder and stakeholder value.

**Deloitte Sustainable Enterprise Value Map™
Condensed Version**

(Practical steps to increase shareholder & stakeholder value)

This map is designed to accelerate leaders' thinking about the connections between sustainable business practices and the creation of shareholder value. It is not exhaustive, but can initiate the process of identifying and prioritizing actions that will create sustainable value for all the company's stakeholders.

- > The red boxes (top) represent the Economic Value Drivers.
- > The blue boxes (left-hand side) represents Environmental and Social Value Drivers.
- > The middle of the map contains highlights of improvement actions that create economic and environmental / social value.

Shareholder Value

Revenue Growth

Operating Margin (after taxes)

Asset Efficiency

Expectations

Volume

Price Realization

Selling, General & Administrative (SG&A)

Cost of Goods Sold (COGS)

Income Taxes

Property, Plant & Equipment (PP&E)

Inventory

Receivables & Payables

Company Strengths

External Factors

- Acquire New Customers
- Retain and Grow Current Customers
- Leverage Income-Generating Assets
- Strengthen Pricing
- Improve Customer Interaction Efficiency
- Improve Corporate/Shared Service Efficiency
- Improve Development & Production Efficiency
- Improve Logistics & Service Provision Efficiency
- Improve Income Tax Efficiency
- Improve PP&E Efficiency
- Improve Inventory Efficiency
- Improve Receivables & Payables Efficiency
- Improve Managerial & Governance Effectiveness
- Improve Execution Capabilities

Stakeholder Value (Social & Environmental)

Business Inputs	Business Operations	Business Outputs	Business Mgmt.
<ul style="list-style-type: none"> Improve Procurement Practices Improve Suppliers' Environmental Performance & Social Accountability 	<ul style="list-style-type: none"> Improve Workforce Practices Optimize Natural Capital Management Minimize Environmental Impact from Operations 	<ul style="list-style-type: none"> Improve Products & Services Stewardship (Life Cycle) Improve Products & Services Responsibility Toward Customers 	<ul style="list-style-type: none"> Improve Strategy & Corporate Governance Improve Performance Management and Disclosure
<p>Communicate to customers sustainability information and practices re: supply chain (impact, material issues)</p> <p>Challenge suppliers to anticipate, leverage and respond to customer and industry sustainability issues and preferences</p> <p>Collaborate with suppliers to offer low impact products and services and benefit from market differentiation</p>	<p>Leverage workforce as brand ambassadors – if they believe you are doing right, your customers will too</p> <p>Improve alignment of staff incentives with sustainable products & services strategies</p> <p>Enhance brand through ethical sales practices incorporating responsible products and conservation credible information</p> <p>Leverage new product / credit market opportunities (e.g., carbon credits)</p> <p>Sell and/or make effective use of by-products</p>	<p>Manage and market responsible approaches to packaging and end-of-life product treatment</p> <p>Facilitate customers in product / packaging reuse and/or responsible disposal</p> <p>Solicit feedback from customers regarding sustainability expectations and communicate company's strategies</p> <p>Improve ecological / health impact of products and services disclosure</p>	<p>Embed sustainability considerations when developing market strategy</p> <p>Adjust performance metrics to monitor volume impact of sustainability actions</p> <p>Engage with local communities to identify sustainability issues / opportunities</p> <p>Leverage sustainability reporting to increase transparency and enhance brand</p>
<p>Build responsible procurement practices into differentiation and pricing strategies</p>	<p>Secure locally available products and services and manage supply chain to reduce ecological footprint and costs</p>	<p>Differentiate products based on sustainable attributes and perceived value to consumers</p>	<p>Align pricing strategy with sensitive markets, local income levels and stakeholder input</p>
<p>Improve employee's knowledge of sustainable supply chain issues and actions being taken (e.g., source materials, supplier sustainability performance)</p> <p>Develop responsible procurement practices and monitor supplier compliance through 3rd party audits</p>	<p>Improve talent attraction and retention by embedding sustainability in operations and compensation package</p> <p>Improve natural resource use management and energy efficiency, develop performance indicators</p> <p>Develop carbon baseline and emissions management strategy</p>	<p>Ensure sustainability positioning is consistent with marketing / advertising activities</p> <p>Establish responsible advertising, marketing and sales standards</p> <p>Measure and reduce carbon / environmental footprint and social impact of sales cycle</p> <p>Align products and services sustainability considerations with financial metrics</p>	<p>Ensure internal management processes (finance, IT, marketing, supply chain) support external environmental and social claims</p> <p>Establish corporate responsibility considerations within financial performance management, IT objectives and HR strategies</p> <p>Increase availability of current sustainability KPIs and information to stakeholders</p> <p>Seek employee and stakeholder feedback on environmental and social issues</p>
<p>Design products for materials efficiency (recycled content, use of by-products)</p> <p>Collaborate to improve product design and to minimize negative impacts associated with manufacturing, use, packaging and disposal</p> <p>Rethink distribution channels and logistics for minimizing footprint</p>	<p>Re-engineer production processes to improve efficiency and safety</p> <p>Optimize operations (e.g., water use, cooling, waste management)</p> <p>Conduct scenario planning to identify how changes in natural capital will affect COGS</p> <p>Manage carbon to minimize potential financial liabilities</p> <p>Set sustainability performance targets for operations</p>	<p>Incorporate Life Cycle Analysis in product & service design, production, distribution and end-of-life management</p> <p>Improve recovery, recycling and reuse of product components</p> <p>Minimize the impact of JIT delivery and build-to-order products and services</p> <p>Prioritize low-inventory distribution channels</p>	<p>Ensure consistent working conditions and quality standards in all geographies</p> <p>Improve management systems and reporting related to sustainability impacts of logistics and distribution</p> <p>Participate in the development and meet voluntary sustainability product and production standards</p>
<p>Internalize cost of R&D to stimulate suppliers' responsible production</p>	<p>Maximize tax credits for R&D expenditure on sustainability initiatives as well as compensation and benefits programs</p>	<p>Maximize tax credits and benefits for innovative product offerings, pollution control, product disposal</p>	<p>Plan for tax implications of sustainability related R&D</p> <p>Expand financial reporting to include financial impact of sustainability</p>
<p>Embed environmental social criteria in real estate design, retrofit and purchase</p> <p>Embed Green IT criteria in purchasing / leasing equipment</p>	<p>Use green building and green IT / equipment standards</p> <p>Maximize safety measures, waste management and consumption reduction</p>	<p>Create infrastructure to manage product take-back and disassembly</p>	<p>Measure and disclose KPIs demonstrating environmental and social performance of real estate and related infrastructure</p>
<p>Design shipping materials (e.g., pallets, crates) for efficiency</p> <p>Increase use of vendor managed / warehouse material</p> <p>Promote fair payment and delivery terms</p>	<p>Develop new business models to leverage sustainability gains (e.g., low inventory / low carbon / low water)</p> <p>Promote recovery, reuse and recycling of waste streams</p>	<p>Improve forecasting and redesign production process to minimize Work-In-Process Inventory and finished goods</p>	<p>Streamline office based or manufacturing based inventory management to minimize wastes and optimize raw material use</p>
<p>Select suppliers and offer incentives based on sustainability criteria</p>	<p>Offer favorable credit terms to customers with aligned sustainability policies</p> <p>Implement paperless collection & payment processes</p>	<p>Streamline payment processes related to return of product at end-of-life</p> <p>Employ ethical collection policies and offer fair credit terms</p>	<p>Ensure transparency and fair practices with respect to receipt, payment terms, uncollectible debts, fraud policies and accounting for environmental, social and safety related costs</p>
<p>Implement responsible procurement standards for suppliers and contractors and monitor performance</p> <p>Influence suppliers' sustainability performance through partnerships, coalitions and incentives</p> <p>Increase emphasis on local, small - mid sized suppliers</p>	<p>Embed sustainability into culture, training, operations, performance evaluations and feedback processes</p> <p>Manage risks and liabilities by ensuring compliance with regulatory standards and industry sustainability practices</p> <p>Engage with stakeholders in natural resource stewardship</p> <p>Develop carbon emissions / waste baselines, develop reduction targets and track progress</p>	<p>Ensure that eco / social / health / safety impacts of products & services are considered at all planning stages</p> <p>Improve regulatory compliance for product development, labeling and disposal</p> <p>Establish industry collaborations and partnership with stakeholders to innovate and improve sustainability performance of products and services</p>	<p>Integrate credible sustainability KPIs into corporate performance scorecard for executives, board members, management and staff</p> <p>Establish and/or align code of conduct, ethics program and governance and risk management practices to support sustainability strategy</p> <p>Externally communicate material issues and performance with 3rd party verification</p> <p>Establish management of stakeholder engagement as organizational priority</p>