Polaris – Building a Flourishing Family Business

Volume 2 – Ideas, Innovations & Inspiration from our Network & Beyond

NOVEMBER 2016
A Sustainable Future

Without a sustainable approach our future is at risk. Not just the future of our businesses but, we also risk the lives and livelihoods of generations yet to come. This is why we, The International Board of the Family Business Network, are reaffirming our promise to promote a business model that will sustain not only our own generation, but all those that follow us.

The benefits of a sustainable approach are apparent to us all: the responsible use of capital is a powerful force for good and with corporate stewardship comes corporate advantage. Businesses that achieve great things deliver greater financial results, but these issues we face are more pressing than immediate financial return.

To provide future generations with more than we have received ourselves is a deep-seated human ambition. It is found in all walks of life, but it is in family owned businesses that inter-generational thinking is intrinsic. We believe that our inherent understanding and appreciation of legacy brings an obligation to support and promote a sustainable future in all that we do. As custodians of tomorrow, we believe that it is our duty to act now by making these pledges:

**For our People:**
We pledge to do all that we can to create and nurture workplaces and working cultures where our people flourish.

**For our Communities:**
We pledge to be responsible global citizens making positive contributions to the communities that we work and live in.

**For the Environment:**
We pledge to constantly search for ways to reduce the ecological impact that we create and safeguard the environment that we all share.

**For Future Generations:**
We pledge to share our values and long-term aspirations with future generations.

We know that these are bold promises and we do not make them lightly. But in order to protect all that we have done and create a sustainable future, where our work lives on, they are vital. We call on all family owned businesses, worldwide, to take responsibility for the future of our children and our children’s children.

Please join us in our pledge.

Thierry Lombard  Arun Bhansali  Karl-Erivan Haub  Thilo Wernberg

Frederick Chwalibogu  Maurizio Stella  Alfonso Libano Daurella  Peter Thomas

Sophie Lammertin Velge  Samuel Maldonado Degwitz  Serife Ince Eren  Priscilla de Moutrier
Prelude

Responsible family businesses around the world invest in communities to engage local stakeholders and promote development. They understand successful companies need healthy societies and that making the world a better place brings win-win situations for businesses and communities. Imagine the possibilities when your people are better educated from the day they start work, when local infrastructure like schools and hospitals are constantly improving and governance, transparency and rule of law are the order of the day.

This year’s *Polaris – Building a Flourishing Family Business* reflects the importance of vibrant communities for flourishing family businesses. We explore the business opportunities identified in the UN’s Sustainable Development Goals and how FBN members are making positive contributions to these global goals by engaging and delivering on our Pledge.

We dive a little deeper into the Polaris Impact assessment (PIA), a tool customised for family businesses that enables members to understand their impact, identify new opportunities for growth, and empowers them to be a force for good. FBN is a high-trust learning community and we ‘listen-in’ as our pilot Polaris Peer Group share insights on how the PIA is developing capability within their family business and accelerating their sustainability journey.

The case studies represent experiences of members across the network and focus on their engagement with stakeholders. From street vendors in Ho Chi Minh City in Vietnam to artisanal miners in La Llanada, Colombia, we learn how FBN members are innovating to make a positive impact in their communities while creating new markets for their family business. And in the final section, we explore businesses that are rethinking new models, products and processes to meet the needs of present and future generations.

For members at the early stages of their sustainability journey, this Polaris publication and earlier Polaris titles – *A Guide to Polaris* (Oct 2014), *Family Conversations on Sustainability* (Sept 2015), *Polaris Resource Kit Volume 1* (Oct 2015) – provide inspiration, tools and practical steps to get you started. For members with more experience, this publication identifies strategies that both your family and business can leverage to take you further along.

Join us in cascading sustainability and building flourishing family businesses across FBN. No matter where you are on your sustainability journey, we would love to hear and learn from you. Please do contact your local FBN team or any one of us and sign up to be a Polaris champion.

*The Polaris Committee*
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2015 was a watershed year for business and the sustainability agenda. Since the turn of the millennium, over a billion people have been uplifted out of extreme poverty, malnutrition has been halved, more girls than ever are going to school, and gender disparity in primary, secondary and tertiary education in developing regions has been eliminated. Capitalism has played a leading role in contributing to these Millennium Development Goals (MDGs) by promoting models of development rather than dependence, and the role of the private sector in accelerating this change has been applauded.

Yet even as we celebrate capitalism, we concede it has come at enormous costs – unsustainable levels of debt, loss of biodiversity, too-big-to-fail organizations, escalating income inequality and, indefensibly, just too many people left behind. The richest 1% now own more than the rest of the world combined; and a mere 62 people have the same wealth as half the world, a staggering 3.6 billion people...so few that they could fit on a medium-sized jet plane with room to spare (Figure 1).

At the same time, as a population, we currently consume the resource capacity of 1.6 planets. August 8th this year marked Earth Overshoot Day for 2016 – the point each year at which humanity goes into ecological debt. The date is based on a comparison of humanity’s footprint – in terms of carbon emissions, overfishing, overharvesting forests – with Earth’s ability to regenerate such resources and to naturally absorb the carbon emitted (Figure 2).

Enlightened businesses know that this situation isn’t sustainable and that this overconsumption, if left unconstrained, will cause irreparable harm to the place we call Home.

Capitalism needs to evolve and to embrace leadership that values systemic thinking, focuses on the long term and understands the mutual dependence between business and society. Recognising the emerging consciousness of business leaders and the potential of the private sector to be a catalyst for good, the United Nations actively engaged corporates in developing the Sustainable Development Goals (SDGs) in September 2015 (Figure 3).

Designed in consultation with businesses, civil society and governments, the 17 SDGs build on the unfinished work of the Millennium Development Goals (MDGs) established at the turn of the century. More aspirational and inclusive, they encompass infrastructural, economic, social and environmental dimensions and present a historic opportunity for businesses to engage as a strong and positive influence on society.

The role of corporations is being redefined and family businesses, with our inherent focus on long-term success, are natural advocates for a more conscious and
responsible capitalism. Recognising the contributions that innovative enterprise can make in delivering inclusive growth, family businesses are well-positioned to unlock huge positive impacts for societies as they build a sustainable future for people, community, the environment and future generations.

The Business Case for the SDGs – Blending Business and Social Value

Businesses thrive when societies flourish. This means communities where rule of law, transparent financial systems and the equitable and sustainable use of resources prevail. The SDGs expand the opportunities for business to succeed, as they strengthen these vital frameworks and inspire platforms for more effective partnerships.

The SDGs shatter the old stereotypes that business and society exist in tension and that one prospers at the expense of the other. This regrettable beggar-thy-neighbour worldview of capitalism embodies Milton Friedman’s shareholder model of business which advocates that “the only social responsibility of business is to increase profits.” If businesses want to ‘do good’, the oft-touted mantra is ‘set up a separate foundation, charity or NGO.’ Alternatively, business-savvy social entrepreneurs initiate social enterprises to pursue social and environmental goals that the markets largely or totally fail to address.

But times are changing, and in this Internet age of heightened transparency, distributed power, and augmented voices, mainstream companies are facing tectonic shifts in social expectations. The public in general and customers in particular are putting pressure on businesses to shoulder their share of responsibility. In response, we see the emergence of new modus operandi that are increasingly cognisant of environmental, social and governance (ESG) challenges. Companies have embarked on corporate responses that improve governance, reduce wastage and minimise environmental impacts while reaping the benefits of risk mitigation, operational efficiency and improved public relations.

More progressive companies have further shifted practices from ‘minimising harm’ to ‘maximising good’, leveraging their operational know-how and aligning their value chains for positive social and environmental impact. Recognising the potential of business to be a force for societal good, they have moved away from an emphasis on image to an emphasis on substance. They understand that ‘flourishing’ – creating benefit for human, social and environmental endeavours – is the way for enterprises to thrive (Figure 4).
With a focus on inclusive business models, family business Bel Group has engaged, trained and empowered vulnerable street vendors in Vietnam and the Ivory Coast to be their distribution channel. Swiss FBN member Chopard is a pioneer in using Fairmined gold, ensuring that artisanal miners in at-risk communities have access to welfare, education and training whilst protecting the delicate ecosystems they depend on. Likewise, IFB UK member COOK through unique partnerships with local prison services and charities has started to focus on hiring people who would otherwise find it impossible to get a job.

Global sustainable development challenges represent market opportunities, and far-sighted companies are identifying, developing and delivering pioneering and effective solutions that profit both business and society. Some examples include:

- Disruptive technologies for renewables, green buildings and transportation
- Substitution of materials to reduce emissions and waste
- Innovations in products and solutions that meet the needs of the largely untapped four billion people at the bottom of the pyramid.

The SDGs amplify these opportunities for business as they improve the enabling environment and provide a framework for businesses to align their strategic goals with globally sustainable targets. By integrating sustainability considerations across the value chain, businesses will create value for themselves with product innovation, increased sales and new market segments whilst building a purpose-driven culture.

Putting Purpose into Profit
The sustainability agenda is deeply aligned with the values of flourishing family business. Through quality job creation, fair contracts and ethical investments, family businesses have earned the social license to operate, and have had a profound and positive influence on society across generations.

To illustrate, Macphie of Glenbervie stepped forward and invested in building the necessary defenses for the village of Auchenblae in Kincardineshire, Scotland, ensuring the devastated community would never be subjected to floods again. Family businesses like Macphie, Bel and COOK have permeated their ethos of ownership with a strong appreciation of mission and purpose.

This sense of purpose that successful family businesses have long championed strongly resonates with today’s Millennial generation. Studies indicate that working with purpose-driven organizations is key for next-generation leaders and top-notch college graduates. They have a high desire for meaningful work that aligns personal and corporate values. An MIT report affirms that meaningful work is self-transcendent – i.e. it has impact and relevance beyond one’s self and it enables and empowers other individuals, groups or the wider environment.

**Spectrum of Organizations**

**Blending Social & Business Value**

<table>
<thead>
<tr>
<th>Key Driver: Create Business Value</th>
<th>Key Driver: Create Societal Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Traditional Business</strong></td>
<td><strong>Charity / NGOs</strong></td>
</tr>
<tr>
<td>• Focus on a single bottom line</td>
<td>• Dependent on grants to address societal challenges</td>
</tr>
<tr>
<td>• Embody Friedman principles</td>
<td></td>
</tr>
<tr>
<td><strong>Socially Responsible Business</strong></td>
<td><strong>Flourishing Organizations</strong></td>
</tr>
<tr>
<td>• Awareness of ESG issues</td>
<td>• Purpose-driven</td>
</tr>
<tr>
<td>• Minimise harmful impacts</td>
<td>• Using business as a force for good</td>
</tr>
<tr>
<td><strong>Social Enterprises</strong></td>
<td><strong>Charity / NGOs</strong></td>
</tr>
<tr>
<td>• Use business tools to address societal challenges</td>
<td></td>
</tr>
</tbody>
</table>

*Figure 4: The Evolution of Purpose-driven Flourishing Organizations*
On top of recruiting the best talent and strengthening bonds with customers and communities, clarity of purpose raises the bar for all businesses as it delivers known benefits to every part of the organization. The marketing department regards flourishing as a source of differentiation and growth. HR cherishes the strong employee engagement and retention culture. Finance embraces the future-proofing of the business. Operations values the increase in productivity and efficiency. And the leadership team leverages purpose to inspire and mobilize everyone in a way that the sole pursuit of profits never will.

Purpose-driven organizations eschew the old stereotypes and the traditional Friedman shareholder model. They are self-transcendent, transformative and emphasize positive impact. Understanding that purpose is a key ingredient for a strong, sustainable and scalable organizational culture, flourishing organizations seek to redefine business from performative entities focused on effectiveness and profit maximisation to transformative entities focused on positive impact (Figure 5).

Business has always had a contract with society and the SDG framework provides a unique opportunity to bring everyone on board. Sustainable development is not charity – it is good business. It strengthens a brand’s value, increases its social license to operate and opens up a myriad of opportunities. When a well-run family business applies its expansive talent, invaluable resources and entrepreneurial know-how to these opportunities, they create real impacts that deliver greater sustainability and flourishing for all.

Prosperity for all transcends material concerns for a few. Family businesses, with our intrinsic intergenerational nature and care for the next generation are an unprecedented force for flourishing and the common good.

Figure 5: The Transformative Impact of Flourishing Organizations

References
• Global Footprint Network, 2016. Earth Overshoot Day. Available at overshootday.org
• Oxfam, 2016. An Economy for the 1%, Oxfam Davos Report. Available at oxfam.org
• Pavez & Kendall, 2015. The Arc of Interconnectedness. Case Western Reserve University
• SDG Compass, 2016. The Guide for Business Action on the SDGs. Available at sdgcompass.org
At our 22nd Global Summit in Singapore in 2011, FBN members affirmed our promise to promote a business model that will sustain present and future generations; a commitment encapsulated in our Pledge for ‘A Sustainable Future’. To enable members to deliver on the Pledge, we developed Polaris – a comprehensive framework to guide family businesses on this journey.

Polaris is named for the North Star, a guiding light that has been used for thousands of years by explorers as its position on the northern night sky almost exactly marks the Earth’s geographic north pole.

Just as our forefathers depended on this guiding star, family businesses can draw inspiration from the Polaris Framework as we journey to find our True North – a clarity of purpose that uniquely expresses our calling and guides our every decision.

**Polaris Roadmap**

Signing the FBN Pledge is a great first step in your family business’ sustainability journey, as it establishes a shared understanding between the family and business on how you value people, communities, the environment and future generations.

The Pledge serves as a great jumping-off point as you define the Why of your family business. This Why will often be deeply rooted in the family’s values, and contain a strong viewpoint on the legacy to be shared with the next generation. It gets beyond business-as-usual activities and makes clear to everyone in both the family and the business, the Purpose of the family enterprise.

Once the Why is clear, the business must align on what it is going to do to become more sustainable and how it is going to get there. These are big business decisions that must have buy-in from the board and senior executives if they are to be successful. To ensure leaders are making informed choices, time must be given to assess the opportunities, challenges and risks that likely lie on the journey ahead. It is also critical that a governance structure be established, resources allocated, and accountabilities transparently agreed to and communicated.

The decisions taken by the family on a parallel path can be a complement to the business’ sustainability initiatives. This shared learning journey is a powerful tool for fostering family cohesion. Where appropriate, the family can lend its social, human and financial capital to the business. In addition while the business charts and implements initiatives connected to its people, the environment and the community, the family is best positioned to bring the final dimension of the Pledge to life – the role of future generations.

Once the family owners and business leadership are aligned, key stakeholders need to be consulted to ensure the broader viability of the plan. Employees will need to be engaged and capabilities developed. Ever-widening participation and professionalization will enable the plan to evolve beyond the immediate set of stakeholders as sustainability cascades within and beyond the organization.

The real benefits arise for your family business when sustainability moves beyond operational issues and becomes a compelling driver for innovation. It will reshape the way your family business thinks, makes and delivers products and services. It will create new meaning for your staff, customers and consumers – and force everyone, including suppliers, to rethink how they view your business and brand. It will drive competitive advantage and, ultimately, redefine the way business is done.

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**polaris – Delivering on the FBN Pledge for a Sustainable Future**
Polaris has been developed with the interests and challenges of family businesses at its core. The framework is meant to help your family business assess its current state, and inspire it to find its own True North. It is grounded in systems thinking and prioritises engagement and partnerships. We recognize that a fundamental evolution like this is seldom straightforward or prescriptive, and encourage you to find a path forward that suits the unique needs of both your family and business.
The Stages of the Journey
As both the family and the business progress on this journey, engagement will increase and spheres of influence will expand. Most significantly, the culture of both will evolve:

The process begins, more often than not, with an **Awakening** of the family and business leadership.

This translates to heightened **Awareness** of what’s truly at stake.

An **Alignment** of people follows, which opens up their capacity to engage in sustainability efforts.

Momentum gained will lead to **Activation** – inclusive acts that energize family members, employees and others who in turn champion the ongoing journey.

Ultimately, your **Advocacy** with an activated group of family members, employees and other change agents will help redefine the way business is conducted, for this and future generations.
Assessment, Guides and Tools

The pathway to a flourishing family business is an evolving iterative process that requires embedding sustainability deep into the fabric of conversations, operations and processes. Please logon to FBN XChange for the most updated series of case studies, tools and guides that have been developed specially for FBN members and speak to the unique needs of family businesses.

Polaris Resource Kit
Volume 1 – Tools & Inspiration from Across the Network for Building a Sustainable Family Business
(October 2015)

2015 was a watershed year for sustainability with the introduction of the UN Sustainable Development Goals (SDGs) and the opportunity for family businesses to be a global force for good. Learn how FBN members are contributing to these goals, engage with tools to chart your True North and discover why sustainability is now the key driver of innovation.

Family Conversations on Sustainability
(September 2015)

A family has many voices – and often emotional ones. People feel strongly about what they believe and it is often hard to bring all these voices into harmony. To encourage smooth and constructive family meetings on sustainability, we have created Family Conversations on Sustainability – a guide that sets out useful principles and practical suggestions for conducting effective, multi-generational meetings.

Families for a Sustainable Future
(October 2014)

An introductory brochure that gives an overview of the Polaris Project and underlines why family businesses are the front-runners for sustainability. Families for a Sustainable Future highlights the role of the family and the champion within it, and features the five-stage sustainability roadmap for family business.

A Guide to Polaris
(October 2014)

As both the family and business progress on this journey, cultures of both the family and business evolve, engagement increases and spheres of influence expand. A Guide to Polaris highlights at each stage the key focus, outcomes, process and the stakeholders that need to be engaged. It maps out critical activities for the business and family at each stage of the journey including Forming Sustainability Circles (Setting the Stage), Stakeholder Mapping (Holding the Mirror), Setting up a dedicated family council on sustainability (Connecting the Dots) and Measuring the True Cost of Business (Innovating for the Future).
Measuring What Matters – The Polaris Impact Assessment

Last October FBN introduced the Polaris Impact Assessment (PIA), a customized version of B Lab’s B Impact Assessment (BIA) – a confidential, self-assessment tool that has been used by over 40,000 companies in 42 countries to help benchmark and improve performance in the areas of Governance, Workers, Community, Environment, and Long-Term Impact. The PIA is the only sustainability assessment tool tailored to the specific characteristics of family businesses, and designed to help address their unique opportunities and challenges no matter their size or industry.

Since its introduction, FBN continues to work closely with our partners, B Lab to further refine the PIA to better serve the needs of our members. We are excited to announce that B Lab has launched a redesigned and updated version of the assessment, making it easier for all family businesses to measure what matters. More intuitive and engaging, it features real-time benchmarking designed to help family businesses better gauge how they are performing relative to their peers.

The PIA will roll out across our network in the coming year, allowing us to better understand and quantify the impacts FBN members are collectively creating in all areas of the Pledge for a Sustainable Future. We are enthusiastic about the PIA’s potential to help every family business accelerate their sustainability journey, a key driver of long-term business success. Studies have shown that companies that have sustainability at their core attract the best talent, have better reputations, and outperform their competitors. Finally, we are also looking forward to gaining deeper insights into how sustainability drives competitive advantage for family businesses around the globe.

However, the PIA isn’t just for family businesses that are already reaping the rewards of established sustainability strategies. It is also a great tool for family businesses that are just getting started or even those that are just looking to identify some quick wins to jump-start their journey. The PIA allows family business to do all of this and more, as it is designed to help address three key challenges that almost every business faces today:

![Polaris Impact Assessment](image-url)
1. You can’t manage what you don’t measure
Management guru Peter Drucker said it best when he coined the maxim “You can’t manage what you don’t measure.” Measurement has long been an issue in the corporate sustainability world, as many businesses often view improvements in these areas to be ‘soft targets’. The PIA not only helps your family business set and quantify these targets, it will also allow you to see how you stack up against other businesses in both your industry and region.

2. Making the intangibles, tangible
Family businesses have long known that many intangible factors often play a fundamental role in their growth – like a focus on values and a commitment to future generations. These factors set them apart from traditional businesses, allowing many families to build sustainable enterprises across generations. Giving back to the communities where they operate and investing in people are also known to deliver long-term business returns, but many family businesses struggle to measure their impacts. The PIA can help your family business quantify these impacts and help prioritize new ones, making it easier to see their returns and keep them a priority even when times are tough.

3. Establishing transparency as the new currency of leadership
Leading business around the globe are leveraging the power of transparency to set themselves apart from their competition. It is a key element in building trust with anyone a business touches, be it customers or employees. It is also a critical driver of loyalty, something every business strives to create and keep over the long haul. The PIA can help your business better understand what it is already doing well and what areas it could improve on, delivering the insights needed to confidently share your successes and challenges with all of your stakeholders.

So whether your family business is just getting started on its journey or it has had sustainability at its core for generations, the PIA can help you identify, prioritize, address and measure the impacts you want to create in the world.

Begin accelerating your journey today
If you haven’t already, please join your fellow FBN members in accelerating your sustainability journey by taking these four simple steps:

Step 1: Get A Baseline
Assess how your family business performs when measured against best practices in the areas of governance, employees, community, and environmental impact.

Step 2: Compare Your Impact
See how your family business stacks up against thousands of other businesses through the Polaris Quick Impact Snapshot.

Step 3: Improve Your Performance
Create a plan to improve your family business’ practices, and help all members of your family business implement them easily using FBN’s Polaris tools, best practices and case studies found on the FBN Xchange.

Step 4: Join a Polaris Peer Group
Accelerate your family business’ sustainability journey by learning from and sharing insights with fellow FBN members in an interactive, engaging and supportive small group format.

Get started today at www.fbnpia.org

B Lab is a non-profit organization that serves a global movement of people using business as a force for good. Its vision is that one day all companies compete not only to be the best in the world, but the Best for the World®.
As with all initiatives in the FBN network, the process for activating the Polaris Impact Assessment (PIA) is led by members for members. It builds on the desire expressed by many within our community to move our Pledge for a Sustainable Future beyond words on a page to real, quantifiable impacts that we can all share and celebrate.

Shortly after the launch of the PIA last October, a number of members jumped in and began using it to identify the next steps on their sustainability journeys. However, these same members quickly realized that knowing what they wanted to do was one thing, knowing how to do it was another. Having experienced the depth and breadth of sustainability knowledge present in the FBN community, they requested a forum be created that would facilitate the sharing of ideas and best practices. This proposal was quickly activated and the first Polaris Peer Group (PPG) was formed this June by the enterprising members pictured here:

The PPG has been designed to ensure a fluid exchange of ideas and to create multiple opportunities for participants to share insights, improvements and challenges with the group. Before the first meeting, each family business reviewed their completed PIA, which establishes a baseline and allows for tracking of progress. After the first meeting, each participant identified 3 to 5 areas of improvement they planned to address in the coming months or even years. They filled out a customised improvement tracker for each area, linking that improvement to a question in the PIA and establishing a plan for creating change.

For example, Grupo Contempo has leveraged their involvement in the group to identify new opportunities for improvement connected to job creation, transparency, and compensation. Grupo Contempo is a second generation real estate development firm based in Bogota, Columbia that recently became a certified B Corporation. Their goal is to improve upon their B Corporation score every year. For them, the Improvement Tracker has proven to be a simple and powerful tool to drive engagement and change within their family business. On the next page is an example from their Improvement Tracker that highlights a change they plan to make connected to talent retention:

Polaris – Assessment, Guides and Tools

Accelerate your Sustainability Journey by joining a Polaris Peer Group

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Participants in the group are provided unique insights into their sustainability performance via the B-Analytics platform. This platform automatically analyzes a company’s assessment data, allowing them to easily track their performance across time, toward goals, and against similar businesses using a variety of proprietary tools. Two examples are:

**Question Level Benchmarking** provides insights into how a business is performing relative to its peers. It features several filters that enable a business to see how it stacks up against a defined group of companies across industries and geographies. It maps the results by question, showing the benchmark (●) and your company’s performance above (●) or below the benchmark (●).

## Improvement Tracker Sample: Grupo Contempo

### Community 1: Job Creation, available points 4.3

<table>
<thead>
<tr>
<th>Question CM2.5a</th>
<th>What % of full-time and part-time workers have left the company (including voluntary and involuntary separation, excluding workers dismissed with cause) during the last 12 months?</th>
</tr>
</thead>
</table>
| Answers         | • >10%  
|                 | • 5-10%  
|                 | • 2.5-4.9%  
|                 | • 0-2.4%  |
| Current Answer  | >10%  |
| Who is leading / involved | Helen Arteaga – HHRR  |
| Goals / Details | It is very important to our company that the best talent is recruited and retained, so our goal for 2016 is 5-10% and for 2017 it is 2.5-4.9%.  
|                 | This is a critical question for us because it gives us key insights into:  
|                 | • How engaged and motivated employees are in their jobs,  
|                 | • How competitive their salaries are in comparison in the market  
|                 | • Whether they have a formal development plan for their career  
|                 | • If they are feeling useful and an important part of the company’s mission and purpose.  |
| Updates / Challenges in last 6 weeks | Updates: We have been actively working with HHRR on assessing our workforce and shifting the culture to be more results-oriented. This way we can start monitoring our yearly attrition rate.  
|                 | Challenges: We just hired a new HHRR, which has caused some loss of continuity on this issue.  |
| Deadline        | By the end of 2016  |

**Companies in Network**

<table>
<thead>
<tr>
<th>Question Summary</th>
<th>% of Points Earned</th>
<th>Benchmark Avg</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
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<th>100%</th>
</tr>
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<tbody>
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<td>Client Protection Warranty</td>
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<td>57%</td>
<td>●</td>
<td>●</td>
<td></td>
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**Companies in Benchmark**

| 21,663 |

**Questions and Answers**

**Question Level Benchmarking for Grupo Contempo**
The group meets every six weeks via teleconference during which participants share progress on their targeted improvements and solicit feedback and support from other members. In the time between meetings, each member is assigned a buddy to check in with and serve as a sounding board for challenges and opportunities. Sample agendas, presentations and the Improvement Tracker template can be found on the FBN Xchange at: Polaris -> Tools -> Polaris Peer Groups.

The pilot PPG has already started to surface important lessons that demonstrate its potential to bring all four areas of the Pledge to life. Here are some examples broken down by the area of the Pledge they help further, as well as the corresponding PIA question which sparked the conversation:

**For Our People:** We pledge to do all that we can to create and nurture workplaces and working cultures where our people flourish.

One key issue in this area of the Pledge that many businesses face is how to build a more diverse and inclusive workforce. This is a challenge for a variety of reasons – cultural, educational, and even geographical. This issue became a priority for one of the Peer Group members after encountering the following PIA question:

The **Impact Cloud** graphically depicts a company’s improvement potential, giving them a quick snapshot of their biggest opportunities. The Impact Cloud is color-coded by focus area and features impact bubbles that dynamically scale according to the size of improvement potential. The Impact Cloud below shows several clear opportunities, including the orange Governance circle labeled **Mission Lock** (i.e. ensuring their mission is maintained over time) and the purple Community circle labeled **Attrition Rate** (i.e. % of workers that have left the company in the last year), which Group Contempo has begun to address through the steps mentioned in their Improvement Tracker on page 16.
CM 3.7b - What % of non-managerial full-time and part-time employees are women or from chronically-underemployed communities?

This Peer Group member’s employee base is currently represented by less than 20% from these two groups, but they would like to expand this to over 30%. Many people in these groups don’t have the education and training required to succeed in these jobs, so this is a challenging target. It will require both a shift in cultural attitudes and a significant investment in the targeted groups. However, this family business is committed to making this change because they know a more diverse workforce will increase their productivity, creativity, and reputation.

**For our communities:** We pledge to be responsible global citizens making positive contributions to the communities that we work and live in.

Family businesses have long been leaders in this area of the pledge, but they can always expand the scope of their impacts. One increasing area of focus for many businesses is on building better supply chains, as these improvements are known to deliver cost savings and improve risk management. One Peer Group member decided to take action in this area after being inspired by this question:

**CM6.4 - What is the social and environmental screen that is used for the majority of your company’s significant suppliers?**

This member is in an industry where supply chains can make or break a company. This question inspired them to take their efforts to the next level through the expanded use of supplier screens. They recently identified that several of their key inputs come from high-risk countries, so this new screen will help them better understand and manage these risks. In order to ensure the screen is effective, they will appoint a third party partner to audit their suppliers and ensure compliance. Once they have a process in place, they plan to share it across their industry, which will lessen everyone’s risks and dramatically decrease the possibility of future supply disruptions.

**For The Environment:** We pledge to constantly search for ways to reduce the ecological impact that we create and safeguard the environment that we all share.

This is the area of the Pledge where many family businesses have made significant gains over the last few years. Reducing energy and water use often has a direct connection to a business’ bottom line, so making the business case for these changes is relatively straightforward. However, once a company has taken advantage of their low hanging fruit, it can be difficult to figure out what to focus on next. The PIA can help a business gain a deeper understanding of their environmental impacts and identify steps to improve them. One Peer Group member realized they could be doing more after reading the following question:

**EN4.2b During the last fiscal year, what % of non-reusable hazardous waste (batteries, paint, electronic equipment, etc.) was disposed of responsibly, with a documented 3rd party?**

While this company has always been careful about how it handling of hazardous waste, they realized they weren’t 100% sure how their waste haulers were disposing of this waste once it was taken offsite. They decided they needed to ensure that all of their waste is being disposed of responsibly, despite knowing that dealing with their numerous waste haulers will take significant time and effort. However, this is a worthwhile investment for them as any violations will damage both their reputation and bottom line. They have built their brand on being a responsible business, so they need to
make sure they stay ahead of any risk that could destroy the loyalty and trust of their customers.

**For Future Generations:** We pledge to share our values and long-term aspirations with future generations.

This is the area of the pledge that sets FBN’s approach to sustainability apart from almost every other organization. While there is a lot of focus on improving communities or decreasing environmental impacts, very few organizations have the tools and insights needed to help their members approach these improvements from a generational standpoint. Fortunately for our community, focusing on future generations comes naturally. However, even experienced family businesses can struggle with taking this area of the pledge to the next level. One member of the Peer Group has decided to explore this challenge in more depth after being inspired by the following question:

**PIA Question: GV2.1 – We treat our social/environmental impact as a primary measure of success for our business, and prioritize it even in cases where it may not drive profitability.**

This is a big leap for any business, as it means not only changing priorities but potentially reinventing a company from ground up. It is a challenge that requires complete buy-in from the entire leadership team, as well as every employee. This PPG member is in the early stages of their exploration and is still deciding whether they are ready to take this leap. They are examining why and how other businesses have done it, as well as looking to gain a deeper understanding of the benefits. They will be sharing their learnings with the Peer Group and, if they do move ahead, discuss how to best commit themselves to this path. Either way they know that they will continue to measure their success by more than just a single bottom line and that tools like the PIA deliver the insights they need to better understand the impacts they are creating in the world.

**Polaris Peer Groups are a great way to accelerate your sustainability journey, while connecting with your FBN peers in an exciting and dynamic learning environment. Please contact your FBN Member Association or any of the Peer Group participants to join a PPG or to start your own.**
Jebsen & Jessen South-East Asia (SEA)
Building a Sustainable Environment for Good Business

Nature of Business: Engineering, Manufacturing and Distribution
Industry Sector: Industrial Enterprise
Family Business History: Jebsen & Jessen (SEA) is one of four business entities (with Jebsen & Co, Jebsen & Jessen Hamburg and GMA Garnet) of Jebsen & Jessen Family Enterprise - a 3rd generation family firm
Provenance: South-East Asia
Setting the Stage
An industrial enterprise, Jebsen & Jessen (SEA), spans manufacturing, engineering and distribution. Its core business units include cable technology, ingredients, crane and lifting equipment, marine equipment, packaging, life science and technology. Jebsen & Jessen (SEA) serves over 20,000 customers across the ASEAN region, and employs over 4,000 people.

Founded in 1963 in Malaysia and Singapore, Jebsen & Jessen (SEA) is one of four business entities (with Jebsen & Co, Jebsen & Jessen Hamburg and GMA Garnet) making up Jebsen & Jessen Family Enterprise, whose roots can be traced back to 1895, when two cousins, Jacob Jebsen and Heinrich Jessen, left their hometown in Aabenraa in the Duchy of Schleswig (now part of Denmark) to set up a trading house in Hong Kong. The generations that followed expanded the business geographically and extended the core business model by successfully moving up the value chain (e.g. entering manufacturing and engineering) and down the value chain (e.g. marketing, post-sale services of the distributed products). Despite various upheavals, the two families stayed committed to the business: capitalizing on their entrepreneurial spirit, they reinvented the business after WWI, WWII and the Chinese Cultural Revolution.

Jebsen & Jessen (SEA)’s dedication to long-term sustainability is reflected in its five key values: trust, entrepreneurship, prudence, commitment, and partnership. Further, the company has been a champion in combining business and environment, a movement initiated by Heinrich Jessen, a third generation principal family shareholder and Chairman of Jebsen & Jessen (SEA).

Holding the Mirror
Heinrich Jessen, a tropical ecologist by training, has always been passionate about the environment. “In many ways I was not supposed to join the family business”, he says. He worked at the World Wildlife Fund in Italy, graduated in interdisciplinary environmental studies in the US, and before long found himself working in Papua New Guinea on a rainforest project. This is where he read the book on the history of his family firm and got inspired by the entrepreneurial ventures of his grandfather. At the time Jebsen & Jessen (SEA) was gradually moving away from distribution and into engineering and manufacturing, with some of the latter activities involving hazards with potential environmental impact.

“I remember asking my father, who had been disappointed that I was going in a completely different direction, whether the environment and business could be combined, and whether we could start an environmental programme in the company.”

Much to his relief and delight, Heinrich’s father supported the idea. And so in 1992, the environment was the key theme of the company’s management conference. Prominent environmentalists and firms with active sustainability programmes had been invited to share their insights. Heinrich was among the guest speakers. “This turned out to be a great way for me to get exposed to the top managers, many of whom said: ‘Why don’t you join us and do this for our company?’ They trusted I could implement an environmental strategy that would be aligned with our business goals and objectives since I had been exposed to the firm since I was a child.”

To increase his knowledge of the field, Heinrich returned to the US a year later to pursue a master’s degree in industrial environmental management, with a particular focus on how to reduce a business’ environmental footprint. Upon his return, in 1995, he became the company’s first Environment, Health and Safety (EHS) manager, exactly 100 years after his grandfather and his cousin founded the Jebsen & Jessen Family Enterprise.

Connecting the Dots
In that new role, Heinrich saw many “low-hanging fruit” and had to prioritize: he initially focused primarily on chemicals as Jebsen & Jessen (SEA) operated with hundreds of different dangerous chemicals and lacked thorough processes to ensure safety. Proper storage methods, including segregation, separation and isolation,
as well as emergency prevention plans and emergency response procedures, were developed and implemented.

Numerous other EHS initiatives ensued: Jebsen & Jessen (SEA) was one of the first companies in the region to ban shark fins at the company dinners; it entered a new business of molded pulp packaging made of recycled paper, a bio-degradable alternative to the standard protective plastic packaging; it exited a tropical wood furniture business using rainforest timber from Indonesia; although legal in South-East Asia, it ceased supplying tributyltin oxide - an ingredient in marine paints - because it had severe impacts on marine organisms.

Heinrich admits, however, that implementing EHS initiatives has not always been very easy: he had to overcome various hurdles from external and internal stakeholders, not to mention at times an unwillingness by the market – for which the environmental movement was at the time a novelty - to pay a premium for a responsible product, such as the organic cotton Jebsen & Jessen (SEA) was producing, a business it was forced to exit. Management teams at times were also rather reluctant to implement various EHS initiatives because the immediate benefits were not obvious. To top it all, it was sometimes difficult for Heinrich, the son of the chairman and groomed successor, to collect honest feedback. “I had trouble getting feedback on my actions and judgment. When I decided to pursue a new strategy, I had to figure out for myself whether it was working or not. There was a lot of trial and error, but no one was telling me about my errors, so I often had to discover them by myself.”

But soon, insurance companies started to offer significant discounts on premiums for coverage, offering the first meaningful indication of the financial value of the new safety measures.

Heinrich’s career progressed rapidly. He handed over the EHS role and became manager of the new recycled paper pulp packaging plant in Malaysia, after which he took on several other operational roles - a journey which led him to the chairman position of Jebsen & Jessen (SEA) in 2004. “But even while my role evolved,” he notes, “I continued to keep an eye on all of our environmental impacts.”

Creating Impacts
For Jebsen & Jessen (SEA), combining business and environment – Heinrich’s dream for 25 years – became an inherent part of the business culture and business model.

In the late 1990s, Jebsen & Jessen (SEA) led the field implementing rigorous environment, health and safety protocol. Currently, its 50 businesses units are all certified ISO 14001 and OHSAS 18001.

In 2011 Jebsen & Jessen (SEA) was the first industrial company in South-East Asia to achieve carbon neutrality; it has offset more than 200,000 tonnes of CO₂ since then. It was the first to hire a Carbon Neutrality executive in South-East Asia and monitors its carbon level with the help of in-house developed tools. Various emission reduction initiatives were implemented: Jebsen & Jessen (SEA) was one of the first companies in Singapore to invest in solar panel solutions for power generation at a manufacturing facility; it also converted its main offices to LED lighting.
These initiatives are part of a comprehensive sustainability programme which also includes responding to defined needs in local communities. Since 2007, the “Meet a Need” Programme has supported 18 social and environmental projects with over US$4 million and a participation of over 200 employee volunteers. These projects ranged from building a local school for a rural community in Vietnam to providing fresh water supplies for a remote island community in Malaysia.

Employees are also seen as important stakeholders: regular staff well-being and engagement initiatives such as sport teams, health checks, seminars and workshops are organised. No wonder Heinrich regularly receives messages from newly-joined employees such as this one: “I am so happy I joined a company that I can really feel proud of.”

**Identifying Next Steps**

Jebsen & Jessen (SEA)’s corporate commitment and philosophy are shared by all business entities within the family enterprise. Indeed, sister group Jebsen & Co reports its social responsibility performance along four lines: business partnership, staff well-being, philanthropy, and environmental conservation.

But it is the extraordinary environmental commitment of Jebsen & Jessen (SEA) that gave the impulse for spreading the effort across the various entities of the family firm. Jebsen & Co joined the carbon neutrality process and achieved carbon neutral status in 2013, only two years after Jebsen & Jessen (SEA).

It used to be that an organization could either preserve the environment or pursue the business – but not excel at doing both. This is the story of a company that has proven it is possible to do well while doing good. The numbers tell the story – but it is perhaps the story behind the numbers that is even more impressive. Little wonder that the group - Jebsen & Jessen Family Enterprise - has been named the 2016 winner of the IMD-Lombard Odier Global Family Business Award. Long may it inspire the rest of us to achieve similar milestones on our sustainability journey.

Written in collaboration with Marta Widz, IMD.
COOK
Forging a Better Business through Good Relationships

Nature of Business: Ready Made Meals
Industry Sector: Food
Family Business History: 1st Generation
Provenance: UK

Setting the Stage
Edward Perry and Dale Penfold founded COOK in 1997 with a goal to make remarkable meals for the freezer using exactly the same ingredients you would use at home. Edward was first inspired to start the business after working for his parents’ coffee shops that sold handmade frozen cakes. The cakes sold well, but the experience got Edward wondering why no one was making savoury meals in the same way. Edward decided to give it a try, but first needed someone to do the cooking. Edward turned to Dale, one of his favourite clients and a chef, and persuaded him to quit his job. They soon opened a small shop selling hand-prepared, frozen food; dreaming of being the world’s best-ever maker of ready meals – and of doing business differently from the crowd.

Their founding statement was: to cook using the same ingredients and techniques a good cook would use at home, so everything looks and tastes homemade. This is easy to say, but difficult to do. One of the first dishes Dale made tasted so bad it made Edward cry. It wasn’t just the food; it was the enormity of the challenge they’d taken on. Through trial and error, the food got better and people started coming back for more. The business steadily began to grow and before long a second COOK shop opened.

COOK now has more than 80 shops around the UK, with a big kitchen in Kent and a puddings kitchen in Somerset. COOK’s annual sales in 2015/2016 were just shy of £57m, an increase of 9% on the previous year, and its earnings were £4.1m. It employs over 800 people from all walks of life, from ex-offenders to Oxbridge graduates in a variety of roles including retail sales, delivery, chefs, and management.

Holding the Mirror
In 2013, Edward and Dale decided to be more public about the company’s purpose and beliefs, so they got COOK certified as a B Corporation (B Corp), joining a global movement of companies committed to redefining success in business. This was not a decision they took lightly, as they knew it would potentially leave them open to criticism and the cynics. However, they knew the fastest way to continue improving was to be open and honest about their challenges. In order to be certified they had to pass a rigorous assessment, proving they meet tough standards of social and environmental performance, accountability, and transparency. COOK was one of the first businesses to become a B Corp in the UK. For everyone on staff, it has proven to be a great way to start a conversation about how and why their business is different.
COOK has set itself the challenge of being a remarkable food business that’s a force for good in society. Its approach to achieving this contains three areas of focus, allowing everyone in the company an opportunity to live the purpose – through conducting Good Business; making Good Food; and building Good Relationships. For COOK, being a force for good is not just about charity and community initiatives, important and rewarding though they are. COOK’s goal is to ensure these three areas work in harmony: business, food and relationships. It is a genuine, virtuous circle and the strategic lens through which they make all of their big decisions.

Connecting the Dots
As with almost every business, the biggest driver of COOK’s success is its people. That is why Good Relationships matter to Edward and Dale.

COOK invests both significant time and money in building a company culture that sets it apart from the competition. They believe that a remarkable culture is built on shared values (what they call Essential Ingredients) and on shared experiences. Getting people together builds relationships, creates common understanding and generates buzz.

One notable community initiative is COOK’s partnership with Caring Hands in the Community, a church-run drop-in centre for people in need. Since keeping food waste to a minimum both makes good business sense and is the right thing to do, COOK donates its extra food to Caring Hands. This partnership has changed Caring Hands’ cost base, as the donated food frees them to invest in their other important services, like medical support, laundry facilities, and assistance with job hunting. It has been a rewarding relationship for everyone. Lots of COOK staff have volunteered at the centre, using their volunteering allowance or even on Christmas day. Importantly, some of COOK’s best team members are people who were previously supported by Caring Hands.

As important as its community initiatives are, COOK places an even greater emphasis on building a strong internal culture. That means providing each of its people with the resources needed to grow both as individuals and employees. COOK has been a certified Living Wage employer since July 2015, meaning that everyone is paid at least the Living Wage (which is significantly higher than the minimum wage and is based on the cost of living). Only a few retailers and manufacturers in the UK have made this commitment and been certified by the Living Wage Foundation. COOK also runs a
profit-share scheme for every member of staff after one year’s service and for any team member going through a tough financial patch, they have a Hardship Fund.

COOK also dedicates significant resources to the personal development of all its people, as they believe everyone has potential and investing in people is good for business. Dream Academy offers everyone on staff a unique opportunity to fulfill a personal dream, whether it is work-related or not. It is a four-month, confidential programme led by a professional life coach that has helped some participants to advance their careers at COOK and allowed others to live happier, more fulfilled lives.

**Creating Impact**

COOK’s focus on people creates real impact both for the business and the communities in which it operates. In 2014/2015, COOK’s strong financial performance was accompanied by a big jump in their *Best Companies to Work For* score, ranking them 44th in the UK. In 2016 they jumped to 28th, making them the highest ranked manufacturer in the country. They are justifiably proud of these results, as they prove that there is a direct link between a better workplace and a successful business.

COOK recently set out to increase its community impact through a new target requiring 2% of its workforce to come from marginalized communities. COOK focuses on hiring people who would otherwise find it difficult or impossible to find a job – not because of their potential to do meaningful work, but because their circumstances tend to exclude them. This is not easy to do. COOK works in partnership with local prisons and charities. Although things aren’t always straightforward, and COOK is in the early stages of this project, the company has discovered that when it works, it’s a win-win situation. COOK has found some incredibly hardworking members of staff and the applicants referred from charities and prisons have often already been through detailed selection processes or completed relevant training – saving the company time and money. It even earned COOK a special “Discovering Potential” award from the Minister for Employment. To date, they have offered jobs to more than 39 people who needed a second chance. COOK regards this programme as one of the single biggest ways it can have a positive social impact while also forging a more inclusive and compassionate society.

In terms of making a difference in the lives of its own people, COOK distributed its first-ever profit share in August 2015. All members of staff who had been with...
Far and away the most important number at COOK is our score in the annual ‘Best Companies to Work For’ survey. As I’ve said before, and will no doubt say many times again: if I was cast away on a desert island and could see only one annual statistic about this company I love, it would be our Best Companies’ score. I know that if our people are telling us that COOK is improving as a place to work then all the other numbers will take care of themselves.

Edward Perry
Co-founder of COOK

them since the start of the same financial year were awarded 5% of profits made in the previous financial year. Through their Hardship Fund, they helped 16 people in 2014/2015 with £16,538 lent and 31 people in 2015/2016 with £29,697 lent.

Since its launch, the Dream Academy has enabled over 60 of COOK’s people to achieve remarkable things: get out of debt; write a children’s book; gain a promotion; improve their work/life balance; and even overcome a fear of heights. What COOK knows for sure is that working towards a dream – whether it’s work-related or not – makes people happier and more fulfilled. It makes them better colleagues and inspires others. In other words, everyone wins.

Identifying Next Steps
In the coming years, COOK will continue to invest in and build on the success of all its initiatives, as well as launching several new ones. It recently hired a Head of Social Impact, who is tasked with ensuring COOK continues to improve in as many areas as possible and has the results to show for it. In 2017, it will pursue re-certification as a B Corp and will, as usual, aim high to improve on its previous score.

COOK is driven by the belief that it is time to move beyond the 20th century idea of people as resources, to be used by the company in the pursuit of profit. Its aim is to treat everyone as important and valuable for who they are, not just for what they can do for COOK. The company will also continue to focus on creating a society that enjoys shared and durable prosperity. A society with equality of opportunity; a healthy environment; strong communities; and work with dignity and purpose.

COOK is a certified B Corp, a global movement using business as a force for good. B Corps attract talent, foster community engagement and meet the highest standards of verified social and environmental performance. Learn how your family business can drive sustainability performance by taking the FBN Polaris Impact Assessment at www.fbnpia.org
Algar
People Serving People

Setting the Stage
Founded in 1929, Algar is a business entrepreneur group, which operates in the sectors of Information and Communication Technology (ICT), Agribusiness, Services and Tourism.

Algar values relationships and the human potential, puts people first through the activation of a clear purpose: People serving People. With operations in Brazil, Colombia, Argentina and Chile, it has more than 24,000 employees serving about 2 million customers.

Alexandrino Garcia started the family business and went on to have 3 children, all of whom were involved in the business. Three family holdings were eventually created to allocate the families interests and, currently, family members are represented on the board, family council and in the holding company.

From the business’ earliest days, Alexandrino Garcia believed in and practised sustainability. He used to say, “we work to serve the community”, which clearly demonstrates the family’s view that the surrounding community must grow alongside the business. The family also believes an essential role of the company is to contribute to the development of its region. To achieve all of this, Algar developed a comprehensive approach to sustainability, incorporating it into their planning and ensuring it is integrated throughout their daily activities.
Holding the Mirror

Based on their founder’s belief that people are the most precious asset a company can have and to further activate its purpose of People Serving People, the business launched the Algar Institute in 2002. The non-profit Institute is focused on driving change and creating impacts both within the company and throughout the communities in which it operates. Internally it provides guidelines for and monitors all the sustainable activities of the Algar Group, with a particular focus on the education of its employees, its environmental footprint and building the company’s culture. Externally it focuses on furthering the development of local communities across Brazil, particularly in key areas like education and cultural development.

In order to ensure the Institute had a clear mandate on how to activate the family’s values in both the business and the community, the following principles were established:

- Belief in the power of training people
- Serve the community
- Define Algar’s focus and consolidate the company’s initiatives
- Embody the family’s principles and values in the community
- Demonstrate the importance of education to current and future generations

It also established a very clear focus for how it would serve the local community: improve the quality of education in Brazil. This focus was chosen because it would allow the Institute to deliver on its principles and, more importantly, help the business play a role in solving one of the most pressing challenges Brazil faces today – improving the education system. Today:

- 3.8 million children and teens aged 4 to 17 do not go to school
- 1 out of 100 Brazilians are functionally illiterate
- Brazil has accomplished only 2 out of the 6 world goals towards universalizing education

Everyone in both the family and the business agree these numbers are unacceptable for both the future of Brazil and the continued success of Algar. As such, they have all dedicated themselves and the Institute to driving positive change on these issues.

Connecting the Dots

Once this overarching framework was in place, the Institute centered its activities on improving the Brazilian public school system. They have developed four social programmes aimed at enriching the quality of education and contributing to the personal development of the participants. These programmes have been designed to complement the formal education that already exists in communities, and are not meant to replace the role of the educational system nor the figure of the teacher.

The programmes operating within the Institute are Transform, Talents of the Future, Media at School, and Volunteering.
The goal of the Transform programme is to provide full-time education for public students in the areas of education, culture, the arts, and the environment. In Brazil, classes take place part-time, so the Institute offers these trainings during the periods when the children are not in school, ensuring they will be supported all day long.

Talents of the Future programme focuses on bringing young public High School students closer to the working world. The idea is to open their minds, show them possibilities and give them hope for a better future.

Since one of Algar’s businesses is a newspaper company, the Institute created the Media at School programme. It teaches children the critical role of the media in society, how it works, the importance of reading the news, and imparts an understanding of how the media serves the community. It also provides continuing education for Public School teachers, so they can better work with media and technology in the classroom.

The Volunteering Programme was created to further enable Algar’s employees’ ability to give back to the community. It creates opportunities for them to be closer to the people they serve and it is currently operating in 23 cities across Brazil. Their activities focus on coaching sessions, running e-learning courses, and participating in volunteer meetings.

To ensure good governance of the Institute and its activities, an Advisory Board was created comprising Algar’s CEO, its enterprise presidents, the President of the Board of Directors, and the Family Council President. Its primary responsibilities include setting the long-term vision of the Institute, discussing strategic issues, monitoring the budget, and ensuring programme results. This structure has proven to be a good way to share ideas, listen to shareholder feedback, and ensure the Institute’s activities continue to deliver on business leader’s expectations.

Creating Impacts
To date, 3,400 students and 14,000 educators in 1,700 schools have benefited from the programmes established by the Institute. However, progress hasn’t been limited to just community activities, as the Institute has also shown impressive results in the areas of environmental and cultural development.

The Algar Environmental Programme was created to make Algar’s leaders more aware of sustainability issues and train employees to be more critical and engaged. It sets the company’s guidelines, mobilizes support across the business, and consolidates the results generated across all of Algar’s business ventures in regard to sustainability. A key focus of the environmental programme is climate governance, which monitors and proposes actions to reduce the greenhouse gas emissions of Algar’s operations. So far it has seen 100 sustainability activities implemented, made progress
in reducing emissions in their operations over the last 5 years through projects like the LED energy efficiency project at Algar Telecom and the installation of photovoltaic panels at Algar Tech, and has given over 100 hours of employee training on environmental sustainability issues.

In advancing the cultural development of Brazil, the Algar Institute focuses on sponsoring cultural, sports and social projects in the communities where they operate. To date, they have sponsored projects worth approximately R$21,000,000.00 (over US$5 million), providing much needed access to social and sporting opportunities to many at-risk children and teenagers.

Identifying Next Steps
The decision to create the Algar Institute has proven to be a very positive step for both the family and their business. It has strengthened all of the Group’s companies by giving every business leader a clear way to identify opportunities that create value for society, while helping them always stay centered on a common cause: sustainability.

The Institute will continue to play a central role in promoting awareness and guiding Algar’s activities, all while measuring the results of this investment for the stakeholders. It will also continue to focus on strengthening the belief that the company must stay focused on maintaining its relationship with all of its stakeholders and consider their opinions in its strategic planning.

The Algar Institute’s next priority is to make sustainability a competitive advantage for all of the Algar Group through effectively integrating it into every aspect of the business and its business strategy. The goal is to ensure that when the 4th generation of shareholders inherits the business, the current generation of leaders will have incorporated the value that sustainability will deliver to the future success of the organization.

For more information about the Algar Group and Algar Institute, please contact Eliane Garcia Melgaço: eliane@algar.com.br

“...We cannot have a thriving company in a community that does not grow and develop. The company’s role is crucial in contributing to the development of its surroundings through respecting the environment, our suppliers and our customers. Practising an integrated vision of sustainability means that our company must consider it in all aspects of our strategic planning and that all of our stakeholders must incorporate it into their daily lives. This is what will ensure the continuity of our family business.

Eliane Garcia Melgaço
Vice-President of Marketing and Sustainability of the Algar Group
Bel Group
Creating A Distribution Channel and Social Good

Setting the Stage
The Bel Group was founded 151 years ago in the Jura mountains in eastern France, upon the innovation of the unique single-serve portion of cheese. Throughout its history, it has relied on this appetite for innovation and a healthy dose of daring to build its brand and business across the world. Today the family business has expanded to 130 countries around the world, with 12,000 employees producing and distributing almost 18 billion servings of cheese in 2015. Its five core brands Kiri, Leerdammer, Boursin, Mini Babybel and The Laughing Cow comprise over 70% of its annual sales.

To achieve this scale of success over five generations of the founding family is already rare in the annals of family business. But to do so with as much social impact as the Bel Group has accomplished is truly remarkable, and is what sets their story apart. Since its early years, the business has been nurtured with an awareness of its impact on society. As Antoine Fievet, Chairman & Chief Executive Officer, puts it: “The way in which the Group achieves its results is just as important to us as the results themselves. It is possible, and indeed essential, to combine strong management and best practices, profitability and integrity, growth and ethics.”

To that end, the Group robustly upholds its core values of Dare, Care and Commit. It continues to pursue value creation in collaboration with its ecosystem of customers, employees and shareholders, NGOs, suppliers and subcontractors, government bodies and local authorities. Since 2003, it has been a signatory of the United Nations Global Compact, regularly asserting its commitments and reporting on its progress regarding four fundamental principles: respect for human rights and labour standards, the fight against all forms of corruption, and respect for the environment. As a major player in the arena of dairy products, the Group has partnered with the Worldwide Fund for Nature (WWF) France to reduce the environmental footprint of its dairy farming activities through sustainable production practices.

A standout example of its innovative thinking on this front has been the conception and establishment of the world’s smallest cheese factory last year in Abidjan, the largest city in the Ivory Coast. Bel teams answered a true industrial challenge by miniaturizing in the extreme, the production of processed cheese portions. The mini factory, constructed with 14 refurbished shipping containers, combines Bel’s cheese-making knowhow with its manufacturing expertise, compressed into an extremely snug footprint. It produces 100,000 servings of The Laughing Cow a day – enough to meet the Ivory Coast’s demand.

Holding the Mirror
Food safety and nutritional quality are twin pillars of the Bel Group’s business model. The individual cheese portion (a format which generated over 60% of Bel’s sales in 2015) offers various benefits in terms of sustainable food:
• by strengthening food quality
• by proposing to consumers the right nutritional intake for their needs
• by helping to reduce food wastage
Sustainability in Action: Bel Group

The challenge has always been, **how to get it into the hands of the people who need it most**. One of the UN Sustainable Development Goals is to put an end to hunger and malnutrition in all its forms by 2030, by ensuring that people have year-round access to sufficient good-quality food. Take a developing country like Vietnam. 80% of the food consumed by low-income individuals and families in the country comes from street vendors. In fact the street vendor community, numbering 135,000 sellers in Ho Chi Minh City alone, far surpasses the commercial retail trade network in terms of reach, especially in peri-urban residential areas where there are fewer general trade stores. According to the International Labour Organization, the ‘informal’ sector employs 1.8 billion people across the world (while the ‘formal’ sector accounts for 1.2 billion).

Recognising the significant role that street vendors and street food play in the informal sector of emerging economies, the Bel Group decided to assess this commercial opportunity. They used Vietnam as a test-bed and focused on the 25,000 fruit and vegetable sellers in Ho Chi Minh City because they acquire all their goods from a limited number of wholesale markets around the city.

The Group had already formed **Bel Access**, a business incubator staffed by six passionate individuals with the charter to transform the entire organization by developing new, innovative models that includes low-income communities throughout its value chain. The team went to Vietnam in 2012 and immersed themselves in the landscape. Through research, observation and interaction, they gained an intimate understanding of the informal sector and the local context within which street vendors operated. What they found, was a formidable challenge.

Street vendors are a vulnerable segment of society. They are primarily rural migrants or deprived city dwellers with a low level of education and business skills, striving to support themselves and their families under precarious living conditions. They have a hard life in Vietnam. Their typical day starts before 6am when they purchase the day’s stock at their nearest or favorite fruit and vegetable market; and ends between 7pm – 10pm or when they run out of stock to sell. Daily earnings range from 100,000 - 300,000 VND (€4-12).

The itinerant vendors sell to customers they know. 80% of their basket is sold to a network of regular customers with whom they have a trusted relationship; the remaining 20% is sold with much greater difficulty. Ambulant vendors are far from being ‘professional salespeople’; the vast majority of them have no sales pitch, which is why they find it so difficult to sell to prospects they do not know.

Other obstacles surfaced as the Bel team studied the situation. Most street vendors were just scraping out a living from day to day. With no access to ready credit, and having to pay for their daily goods in cash, how could they be expected to fund purchases of Bel products? Where would they have to go to stock up on The Laughing Cow? How could they protect these goods from the harsh weather? And would they even know how to sell these branded products?

All in all, these hurdles posed a seemingly insurmountable challenge for any organization to overcome. Little wonder that no company had ever invested any effort at attempting anything at scale with street vendors virtually anywhere in the world. Bel would have to look for opportunity elsewhere.

*L-R: Bruno Schoch, MD of holding company Unibel & Deputy GM of Bel; Valentine Fievet, supervisory board member of Unibel; Antoine Fievet, Chairman of Unibel and CEO of Bel. The Fievet siblings are 5th generation owners of the family business.*
Connecting the Dots
Or so it seemed. Within the organization, some tenacious souls persisted in grappling with the challenge of helping street vendors make the switch from the ‘informal’ sector to the ‘formal’ sector. As Caroline Sorlin, GM of the Bel Access put it: “If we want to co-create our business models with these communities, we have to take their social needs into consideration.” So the tiny team dug deep to find a way to cultivate street vendors as an alternative distribution channel, to help the company deliver growth and social impact at the same time.

Working with fervent conviction, they conceived and launched a pilot project in early 2013, and documented valuable learnings. They signed up social and private enterprise partners persuading them of the chance to do well by doing good. They accelerated the social and business incentives, and scaled the programme. Slowly but surely, the so-called Sharing Cities initiative found a firm footing. Mutual interest began to pave the way for innovative partnerships. By Dec 2013, there were 240 street vendors active in the Sharing Cities network in Ho Chi Minh City. And the number has mushroomed in subsequent years.

Today, a street vendor joining the programme receives a brand uniform from Bel. They have the choice of wearing it, as a brand ambassador, to reassure their customers of the quality of their wares, or choosing not to, if they are more comfortable in their own clothes. Bel also facilitates technical training courses, ranging from food security to sales techniques and basic book-keeping; and helps with administrative paperwork to enter the ‘formal’ sector (permit, social security, health insurance, etc). They have access (many for the first time) to a bank account, through Bel’s strategic alliances with financial partners, and a micro-insurance scheme (through Bel’s partnership with leading insurer Groupama) that costs them only US$1 per month for coverage.

In return, they are willing to accept a more modest profit margin than they are normally used to. One of the biggest challenges Bel faced was that selling fruits and vegetables offers street vendors better margins than selling conventional FMCG products – FMCG manufacturers often operate on thinner margins but hugely larger business volumes. The Bel Group could
not afford the strategic risk of setting up a preferential margin system for street vendors in case it killed off their traditional sales network. So it developed an incentive system that allowed street vendors to start small, limiting their own financial risk, while it added a strong social component through vocational training, access to micro-insurance, and administrative support. Through these initiatives pioneered by the Bel Group, a street vendor today finally has a chance to become an entrepreneur with a sustainable livelihood.

Creating Impacts and Identifying Next Steps

Today, there are 4,800 street vendors registered under the Sharing Cities initiative in Ho Chi Minh City, Abidjan and Kinshasa (the capital of Congo) selling The Laughing Cow on top of their main activity. Pilot programmes are about to be launched in Hanoi and Dakar; while several feasibility assessments are underway in South Africa.

The Sharing Cities programme has proven that it is possible to simultaneously identify new trading opportunities and help develop a more inclusive economy, through the modernization of the informal sector and social support for street vendors around the world. Bel Access has set itself the ambitious target of reaching and recruiting 80,000 street vendors onto its Sharing Cities platform by 2025, and helping 30,000 of them qualify for micro-insurance. It’s an audacious goal that requires the transformation of the company, and the collaboration of an entire ecosystem. But the movement is well on its way.

Caroline Sorlin who leads Bel Access recounts her team’s noble obsession: To expand the company’s circle of consumers by offering quality, nutritional and affordable products, relying on alternative distribution networks, and including the people at the bottom of the pyramid. From six people who believed passionately in a cause, a spark has spread across a company that is finding new purpose in reinventing itself from the twin pursuits of marketplace success and social good...to an ecosystem of like-minded partners who are gaining a new perspective on Conscious Capitalism and recognising that sustainability isn’t just good for business – it is good business.

Chairman & CEO Antoine Fievet acknowledges that consumers today are increasingly likely to question the impact of their food on the environment and on the living conditions of producers. If they are dissatisfied with how brands address sustainability issues, they are much less likely to remain loyal to the brand.

“Therefore, growth must happen through the creation of wealth, not just for the company, but for society as a whole. Throughout our history, audacity has fuelled innovation and performance in all of Bel’s business units. We believe in the strength of close relationships that are simple and demanding but fair. If we all do our part, Sharing Cities will foster trust and respect that provides motivation, delivers sustainable growth and enables success for all.”
Setting the Stage
Thomas Swan & Co. Ltd. is an independent global chemical manufacturing company that has offices in the UK, US, and China. Founded in 1926 by Tommy Swan, the family business began as a road surfacing company, using the waste product from local steel producers to create tar macadam. But by the time Tommy’s grandson Tom joined the business in the 1970s, after graduating from Oxford University with a chemistry degree, the family business was in a perilous state. After buying his father and a few shareholders out, Tom took over and began building the chemical business you see today. Over time the company has diversified into producing a wide range of performance chemical products. Tom’s younger son, Harry, joined in 2002 and took over as Managing Director in 2006. He is now 40 and is beginning to put his own stamp on the company as it evolves to stay in tune with the times.

From the early days, the family was focused on the financial sustainability of the business, and constantly reinvested in the company. When Harry was growing up, the prospects for a UK-based chemical company started to look relatively poor, as much of the industry shifted to Asia. The company responded by investing in several diverse, non-chemical start-ups that were typically spinoffs from UK universities. This far-sightedness, flexibility and focus on innovation has been central to the company’s longevity and recent success.

Broadly speaking, sustainability at Thomas Swan has always been about balancing two central perspectives – being a green manufacturer that holds itself to high environmental standards, and committing to long-term stability by not stretching too far financially. It is also about finding new uses for materials traditionally seen as waste or by-products, like the use of slag in road surfaces. Even their first foray into chemicals was to produce a surfactant that helped bitumen stick to wet road stone, increasing the durability and longevity of the road surface. More recently, the 4th generation of ownership led by Harry has focused their company’s resources on improving corporate and product sustainability. To that end, they have created innovative new materials that are better for the environment without sacrificing performance.

Holding the Mirror
Two years after Harry assumed leadership, a global recession hit the UK. This forced him to focus on two key areas: To reduce the company’s exposure to uncontrollable energy costs; and to differentiate the chemical business to survive and thrive in the UK as a predominantly export-driven company. In both these areas, Harry trusted his instincts and adopted a strong approach to sustainability both from an energy and product development perspective. He believed this direction was the right one based on two key experiences:

First, his university studies had given him a depth of knowledge in plant science. Despite the fact that plant-based fuels and chemicals have been under-utilized throughout the years, plants can provide almost all the chemicals that are currently derived from crude oil when they are properly developed. Harry wanted to build a responsible business that is driven to do the right thing, which for Thomas Swan means focusing on raw materials that are renewable. But Harry knew his company’s efforts needed to be profitable and not be perceived as a manifestation of a romantic ideal. As he recalled: “At university, I learned how powerful plants can be. If we had never discovered oil, our society would have adopted plants to provide all of our raw material requirements. There is, however, quite a challenge to make this move without competing with plants and agricultural land that are used for food production. Still, there are real options here, ranging from transgenics to the use of marginal land or even novel production technologies.”
Harry’s second learning experience came at the 2014 FBN global summit in Dubai, where he was inspired by FBN’s Polaris initiative, and discovered that his instincts on sustainability were already supported by a wide range of companies and scientists. “While I was already sold on the sustainability approach to business, the challenge was to get the rest of my company on board. The FBN Summit in Dubai and Polaris really helped me build a case by providing shared experiences in solving similar problems to mine. Since then I have found other chemical companies like Croda International who are further down their sustainability journey than us and they have kindly showed me how they are doing it. I took my entire senior team to visit Croda to learn from their sustainability journey.”

The other thing Harry noticed at the FBN Dubai summit was that other large profitable companies were leading the way with respect to sustainability. Unilever, Nike, Marks & Spencer, Procter & Gamble - they were all announcing serious sustainability programmes, not just cosmetic ones. To Harry, “this leadership is important as many of these companies are our downstream customers. Demonstrating to upstream suppliers like us that there is a real pull for sustainable products, makes the transition all the more possible.”

So Thomas Swan’s long-term strategy moved from a potential exit from chemical manufacturing, to supporting and investing in chemicals – albeit with a focus on sustainability and new product development. After Dubai, the company set out to expand the business case further, which led to the recognition that people are increasingly looking for products that are made locally. Beyond supporting the local economy, this also makes good business sense for everyone involved as it has been shown to translate into faster response times and higher quality products. Perhaps the best proof point uncovered was that an expertise in plant-derived chemicals and a focus on sustainability could help the company become a preferential supplier to their customers.

**Connecting the Dots**

Now that Thomas Swan had the business case it needed, the company started identifying a number of key initiatives it could undertake to further demonstrate its commitment to sustainability. It has since launched two major projects, one focused on renewable energy and the other on creating a five-year strategy that will guide the evolution of their business in the coming years.

The renewable energy project was initiated when Harry became concerned over the stunning increase in energy costs right before the 2008 recession. He had no way of avoiding this and resolved to get the company off the national grid and onto independent energy generation. Taking a leaf from a paper about a model village that Prince Charles had developed which sourced its energy...
from an anaerobic digestion (AD) facility. Harry developed an AD plant on the company site which is owned and run by an independent investment group. The plant digests 20,000 tonnes of grass and maize per year to generate methane that is then burned in a generator to produce 1MW of electricity and waste heat.

Thomas Swan buys the electricity and heat from this renewable source on a long-term contract that gives the company stability and linearity of costs.

This success emboldened the company to collaboratively review how to fully integrate sustainability into their business strategy. A significant effort has been made to get people throughout the company involved in the endeavour, allowing everyone to share their ideas and giving them some ownership in the process. So this is no longer a top-down approach: employees are now crafting specific strategies for all the different business units and work groups.

The next step was to figure out how Thomas Swan could use their new five-year strategy to drive sustainability efforts. As Harry states: “Our emerging strategy is to embrace sustainability in all that we do, as an ethos, a foundation. Technically we want to move towards sustainable sources, while maintaining profit. The Croda experience taught us not to develop a parallel sustainability strategy but to make sure our strategy had sustainability built into it. This led to the development of our strategic vision: To be a pioneering, globally recognised, sustainable manufacturer of speciality chemicals, embracing sustainability in all that we do. Sustainability is now one of our key goals, a strategic priority.”

Each department head today develops their own departmental sub-strategy that requires them to consider what they can do to improve sustainability. Quarterly and yearly goals are then set for everyone, and progress is monitored against agreed targets and key performance indicators. “This has ensured that we actually ‘live’ our strategy and don’t just announce it and then forget about it. The ultimate objective is to ensure everyone in the company owns the sustainability journey and therefore progresses with real change. It is no longer just an idea in my head…it is actually happening!”

Creating Impacts
The company’s senior leadership team has just started the process of announcing the new five-year strategy to the whole company. Leaders have cascaded the strategy in huddles involving 10 to 15 employees at a time – allowing them to ask questions and get a clear understanding of the main objectives of the strategy.

Harry recounts his current challenge: “From a sustainability perspective, we have a long way to go. But we captured some low-hanging fruit with the AD plant. I talked directly to all 160 people on site, getting each of them to connect to the sustainability agenda personally. I said, you will see things you can improve in your areas of
work. These ideas must come from you, not me, as you are the most qualified people to suggest improvements.”

“I also had quite a job convincing my Board on the importance of sustainability. I needed to demonstrate how sustainability is not just about being green, it is about a commercially viable approach to long-term survival in a way that positively impacts our environment, community and our planet. It also helped to explain that our key customers were now more likely to source from us if we can demonstrate strong sustainability credentials. In other words, it makes commercial sense!”

Beyond the cost savings from the AD project, the business has seen other benefits since it launched. The company today manufactures using 100% renewable energy – an extraordinary achievement. “Customer reaction has been really positive and now other global companies are seeking us out. It helped us get such high marks from one customer who completed a sustainability audit on our company, that we were told it would lead to us being granted preferential supplier status.”

So while it took some time to make it happen, the project is already paying for itself and will also provide a great blueprint for similar projects in the future.

Identifying Next Steps
A challenging next step will be to identify and switch to alternative raw materials that will result in more sustainable products. It will be a long process to do this in a way that has the support of customers, as maintaining existing product performance parameters will always be the top priority. An associated challenge exists around developing a robust system for new product development. The company has established some clear criteria, but they still need to identify a workable assessment system.

Another focus will be to take their renewable energy project to the next level by potentially buying out their partner or co-investing in the plant, which will allow the company to enjoy even more of the upside of renewable generation.

On the people side, they have identified a need for more employee engagement, as they know they need to overcome a level of natural resistance and skepticism. The goal is to get everyone in the company to understand what sustainability means to them and invite them to get involved.

As with every company, Thomas Swan’s sustainability journey will continue to evolve in the coming years. As it becomes more integrated into the business and their employees’ daily practices, new opportunities and challenges will undoubtedly arise that will force the company to stretch in new ways. But there is no doubt that sustainability has transitioned from being an idea in a leader’s head to a strategic direction that is taking on a life of its own across the entire business.

We continue to focus on employee engagement. Without their understanding and support, the new strategy and our efforts to be a more sustainable company just won’t work. But we can’t just announce it. We need to ensure our people feel they have been part of the development process – they need to feel genuine ownership of the new direction. For instance, this year we will introduce new sustainability and innovation awards to help our people realise they can make a difference.

We’re not there yet; but we’re learning and we’re slowly seeing change.

Harry Swan
4th generation family member and Managing Director of Thomas Swan & Co.
AFAS Software
The Company that Purposely Ran Out of Paper

Nature of Business: ICT Software
Industry Sector: Automation
Family Business History: 2nd Generation
Provenance: The Netherlands

Setting the Stage
There are some sectors of industry that are obvious candidates for the role of poster boy of the Sustainability movement. Forestry, food and pharmaceuticals, for instance, immediately come to mind, as any effort on the sustainability front tends to be visceral and visible. So it’s refreshing to note that a company in the ICT software arena can also move the needle.

AFAS Software is a Dutch family-owned company that develops innovative software products for both the corporate and consumer markets. With its products, AFAS is automating businesses and organizations from all sectors through one integrated, modern cloud software solution, from digital household expenses books for consumers to linking various ICT systems for all kind of companies.

The company was established in 1996 after a management buyout from Getronics, itself an ICT sector that was founded over a century ago, in 1887. AFAS founders Ton van der Veldt and Piet Mars continued to run the company for another 13 years before transferring daily management of the company to their respective sons Bas van der Veldt (CEO) and Arnold Mars (CFO) and transitioning to become members of the management board. Today, a third generation of the business families is being raised the ‘AFAS way’.

While AFAS is profitable, this is not a business objective in itself. Rather, AFAS believes it is a consequence of doing good, responsible business. AFAS’ main objective

An office powered by AFAS. The challenge was: “Can we go one step further?”
is to create a friendly organization that excels, where people from within and outside the company collaborate and inspire each other to become their best selves. Social responsibility is an essential part of this objective. Therefore, all strategic decisions are weighed against their impact on the environment, society, partnerships and staff. The policy has to breathe simplicity, openness, respect, quality, and above all else, sustainability.

Holding the Mirror
AFAS wants to inspire as many employees as possible care for the business, and at the same time “contribute to making the world a little better,” says CEO Bas van der Veldt. The owners truly share a common desire to make the world a better place. According to their vision, this is not so much a corporate social responsibility as it is a logical way to interact with the world. “Almost everyone feels that they want to and must help other people if they are in a position to do so; and we are in such a position,” says Bas van der Veldt. “I tell my people, if you have more than enough, you must build a larger table – not a higher wall.”

Running an ethical business is a fascinating subject, when one considers the enlightened perspective of the AFAS family business leaders. Social commitment is stimulated through donations from AFAS’ own foundation. Every year, AFAS donates 2.5% of its turnover to charities. Besides this, the company has pursued various sustainability initiatives. One of the cornerstones is ‘the environment’. AFAS wants to make a contribution to an economy that is sustainable rather than wasteful or polluting. It is not about maximizing material wealth, but well-being, both for current employees and customers as well as for future generations. Running a clean vehicle fleet and reducing carbon emissions is one way the company has advanced towards this goal.

But by far the most simple yet audacious goal Bas van der Veldt has set for the company, has been the drive towards becoming a fully ‘paperless organization’. Half a century after marketers coined the term, the concept remains hugely challenging, and largely a myth. At a time when almost every employee has access to a computer terminal, and when mobile devices boast pixel densities the equal of print media, it’s strange that more hasn’t been done to reduce the usage of paper. Or perhaps it’s not so surprising. Old habits die hard. There’s a well-founded security in the tactile assurance of a printed sheet. But if anyone could pull it off, it would probably be a software company.

The consequences of our boundless paper use might only be noticeable to the next generation, when the environment may become irrevocably damaged. But by then, it will be too late.

Bas van der Veldt
CEO, AFAS Software
Connecting the Dots

Bas van der Veldt took a huge initial step. He made a statement about the seriousness of his intent by simply getting rid of all the company printers. There was immediate culture shock. More traditional mindsets went into anxiety overdrive, when they realized they could not print out anything to hold in their hands, to read from, to file away for archival records. There was huge skepticism, despite this being a software company. The intrinsic motivation to change was therefore not that large.

AFAS did not allow itself to be held back by all the counter-arguments that rolled off people’s tongues. To address staff fears, the leadership team made sure it had a very robust, digital archiving system (with active backup). It devised workarounds to address client needs and regulatory requirements. Teams were directed to reproduce internal documents on wikis or online notebooks. All installed software had ‘digital printing’ as the standard setting. Besides being an inspiring and attractive example itself, all of the business’ external communications became exclusively digital. The company started requesting paperless statements from banks and other service providers; and streamlined virtually its entire accounts payable systems to an online mode. In a creative and memorable gesture, suppliers were guaranteed that digital invoices would be paid within 3 working days, while paper invoices would be paid later (though still on time). Fax machines were given a grateful, decent burial.

The company also helped employees to think about the advantages of a paperless system. Employee evangelists championed a culture of reuse and recycling. AFAS consultants talked up a paperless office with their clients. Sustainability seminars were organized, and promoted. Optical character recognition (OCR) software was widely distributed to enable static images or PDF files created by hardware scanners to be converted into editable files. Smartphone apps were encouraged to capture the content of business cards.

And slowly but surely, the turnaround happened.

After a few disorganized months, everyone had come around to accept the new paradigm – grudgingly at first, but then with increasing enthusiasm as they began to embrace a paperless future. It was important that the company tracked its progress against goals, and celebrated early wins. Soon, the mindset change was complete.
Creating Impacts

Once people realized that paperless working is more effective and more fun, they didn’t want anything else. Although AFAS is still not completely paperless, the measurable results have been very positive:

![Paper use per FTE in kilograms]

As a family business, AFAS is particularly well placed to implement change. Without any pressure from external shareholders, it can pursue its shared passion for the company and its goals. For family businesses that think a paperless organization sounds utopian, Bas van der Veldt advises them to, if necessary, start with being ‘paper-light’ – because “every little step helps”.

Identifying the Next Steps

Today, AFAS employs more than 350 people and its turnover is close to €100 million. With the help of their own software and their motivated and high-performing staff in particular, AFAS’ profit margin has increased year-on-year to above 30%.

Going forward, AFAS wants to operate in an even more sustainable way. Its energy use has already fallen in recent years, and with the building of a new head office it aims to become even more sustainable. Back in 2011, it purchased the land where the head office is now being constructed; and determined that it would establish a future-proof building as part of an increasingly digitalized and sustainable society, based on the changing manner in which the world works, lives and learns. Having found inspiration in pursuing a paperless organization, it is well on its way to realizing a purposeful future.
Unithai
The Power of Business to Transform Community

Nature of Business: Supply chain and logistics solutions and Marine offshore engineering
Industry Sector: Shipyard construction
Family Business History: 4th Generation
Provenance: Thailand

Setting the Stage
Imagine a deep-water bay on the south-eastern shores of the Gulf of Thailand, 90 minutes from Bangkok on the way down to the beach resort of Pattaya. Protected from the monsoons by offshore inlets, it is an ideal location for a bustling shipyard and port that would serve the hinterland of Thailand, bringing the world to its shores and vice versa.

But this would be easier said than done. There was no land-based infrastructure to speak of. The surrounding communities – a natural potential labour pool – were largely comprised of low-skilled farmers and fishermen. The regulatory framework necessary for such an endeavour was non-existent. And there was a distinct likelihood that a development project of this scale would impact the environmental signature of the area, held in delicate balance by a mangrove swamp and an offshore coral reef.

Little wonder that when a study was first commissioned in the late 1960s to explore the feasibility of developing the area of Laem Chabang enveloping the deep-water bay, the government of Thailand suspended any action following receipt of the study findings. There were just too many hurdles to overcome.

These were the thoughts that flashed through the mind of business magnate Tan Sri Frank Tsao when the government turned to him in 1990 to resurrect plans for Laem Chabang and build a shipyard there to support Thailand’s emerging economy. He had already answered the call four years earlier to rescue the United Thai Shipping Corporation, then the national shipping line. But this would be one of the Tsao family’s most demanding projects – one that would eventually lead to the establishment and expansion of the Unithai Group, from shipping to shipyard and engineering, owning and operating the largest shipyard in Thailand.

Holding the Mirror
Frank Tsao had then been running a successful Asian shipping business from Hong Kong. But building a shipyard from scratch, far from their home base, without the requisite infrastructure in place, would present an altogether different and daunting challenge.

Frank turned to his young son, Frederick (“Fred”) Chavalit Tsao, to take on this task. Fred had been focused on establishing a firm foundation for his plantation business, in an environment historically strewn with questionable business practices. Frank figured Fred would have the mental agility and resilience to tackle this new endeavour.

Father and son assessed the situation together. The early 1990s were the boom years of Thailand’s industrial expansion. The government was keen on the shipyard development and Fred would need all their support to build the road infrastructure for the area. One would have to recruit and train a workforce from the largely unschooled surrounding communities. One would need to minimize disruption to community life during the lengthy construction period. And one would have to closely monitor the ecological balance of the area. It would be the most challenging endeavour he had ever undertaken.

Frederick Chavalit Tsao has focused IMC on serving human well-being and creating wealth at the same time.
Fred considered this an opportunity to find and forge his own vision of living a meaningful life, and leading a purposeful organization. He teamed up with Namura Shipbuilding to bid for the new project. And when they won it, he focused on embedding in the new venture, a sense of social responsibility for continuous responsible practice in business and organisation, in order to win over the villages surrounding the designated location of the shipyard.

Connecting the Dots

Fred was named co-CEO of IMC in 1987. He rallied his leadership team, and they began to ask themselves some fundamental, strategic questions, which led them to approach the task differently from the traditional way of top-down management. They recognised, instinctively, that this was an inflexion point for the family business; and that their actions to build this shipyard would impact everything the Tsao family had built over several generations.

So Fred took the time to ponder: *Which kind of management system would work best to achieve the goal? What could derail our efforts? Who can I trust to walk with me? And where am I taking these employees?* He studied the work of Taylor, Covey, Senge and other strategic and management gurus. He consulted top executives from different companies and across sectors. To make this clear to his employees and the ecosystem surrounding the company, he renamed the group the IMC Pan Asia Alliance Group, and with his leadership team, articulated a new corporate culture called the IMC Way. Over time, the Sustainability Mandate became embedded within the Group and thought evolved to practice leadership.

First, a **Community Relations** team was formed, to strengthen relationships with the residential communities neighbouring the proposed shipyard. The team comprised company employees who lived in these communities and participated in community activities. The team sought to build bridges with the community by organizing classes on fishing boat repair, art camps and computer literacy, for instance; and holding bazaars where local produce was featured and sold.

Secondly, a multi-pronged effort was launched around **People Development**. This included providing vocational training taught by employee volunteers on welding and maintenance; classes on safety at home, in school and at the workplace; supporting a childcare centre for autistic and Down syndrome orphans; and establishing a plantation where community children were taught how to plant and tend to their own sustainable vegetable supply. In addition, a **STEM** (Science-Technology-Engineering-Mathematics) education project was launched to promote innovative learning and critical thinking amongst students.
Nine employee volunteers became STEM Ambassadors and to date, some 30 STEM teachers have been trained to carry on the good work. Scholarships were also established to give worthy students a chance to pursue a higher education. Two scholarship recipients have joined the shipyard upon graduation.

Finally, Environmental Protection was identified as the third focus area. Shipyards can be polluting; and this one was located next to a fishing village. A concerted effort was therefore made to tread softly on the surrounding environment. Laem Chabang is also home to a 276-acre mangrove swamp and an offshore coral reef that have been denuded by time, tide and equal measures of human neglect and indiscriminate intrusion. The world has been slow to appreciate that mangrove swamps and (to a lesser extent) coral reefs provide a natural barrier to the sea; their removal makes coastal communities more vulnerable to tsunamis and other forces of nature. Unithai extended itself to provide education on mangrove conservation, ecology and energy conservation. Over time, these measures to conserve natural resources have gradually led to a change in the attitudes and actions of the community.

Shipyards are built slowly, and hit their stride over decades. Unithai has been no different. Earning the trust of the surrounding community, forging a workplace culture around safety, and fostering a respect for the environment, has helped the organization progress from pursuing a protocol, to molding a mindset. The process has not been without its challenges. Many people within the company and across the surrounding communities signed up intellectually, but found it hard to really understand and adopt the required mindset. Unithai conducted a lot of retreats and workshops, offered coaching and championed disruptive initiatives as needed to get results. And over time, they came.

Creating Impacts and Identifying Next Steps

Unithai Shipyard has demonstrated best practices in business conduct, operating and delivering services in accordance with international standards of professional ethics, integrity and transparency. But it has also attempted to forge a far wider footprint. The company has a strong commitment to operating responsibly, by ‘doing the right thing’, and not just doing things right. This means adhering to the highest ethical standards, in accordance with its code of conduct, embracing the concepts of good corporate governance and fair operating practices – transparency, accountability, ethical behaviour and respect for both human rights and stakeholders’ interests.

The shipyard is dedicated to providing the best-quality service with an emphasis on health, safety, security and environmental protection (HSSE). It follows ISO26000,
At Unithai, we believe that business and society are one. Business exists to serve social and community needs, ensuring a sustainable future for our staff, our partners, our customers and our community.

Teerapon Udomkanjananan
Managing Director, Unithai Shipyard.

the international standard of socially responsible practices accepted by major international organizations worldwide. In adopting it, they demonstrate their commitment to assisting and improving their home nations and surrounding communities.

Unithai was conceived and established with sustainability in mind. Today it is the largest shipyard and construction facility in Thailand, and the country’s leading logistics, shipping, and shipyard and offshore construction group. From an initial labour pool of 500, the shipyard has expanded to 688,000 square metres employing a workforce in excess of 3,000 people. And the transformation of the surrounding community has been equally significant.

Unithai’s success has, in turn, bolstered the momentum of the IMC Group in upholding its mission “to serve human well-being and create wealth at the same time”. The leadership team has steered IMC from being a traditional Asian shipping company to becoming a leading industrial supply chain and logistics solution provider focused on Asia, with diversified interests in dry and wet bulk supply chains, marine and offshore engineering, and logistics services. There are bound to be many more challenges along the road to sustainable growth. But the team has achieved some significant milestones. It now knows it can do so again.

Teerapon Udomkanjananan, MD of Unithai, with the CSR-ISO26000 awards the shipyard has achieved

Classroom activities at Baan Kru Boon Choo child care orphanage

Laem Chabang villagers labouring as a community to restore the mangrove swamp that protects their coastline from the forces of nature.
Macphie of Glenbervie Ltd.
Investing in a More Sustainable Future

**Nature of Business:** Food Manufacturing and Food Service
**Industry Sector:** Food
**Family Business History:** 3rd Generation
**Provenance:** Scotland, UK

**Setting the Stage**
For over 85 years, Macphie of Glenbervie Ltd. has been producing premium quality food ingredients and solutions. It is currently the UK’s leading, independent, added-value food ingredients manufacturer with a product range used by bakers, chefs and food manufacturers globally. Their innovative products offer unrivalled choice, including everything from bakery mixes and fillings to sauces and desserts. In addition to their branded product range, they also offer customised product development and manufacturing services creating be-spoke, application-specific products designed to meet their clients’ needs.

Macphie employs about 275 people and, in 2015, had a turnover of £47.6 million. They produce and package about 25,000 tonnes of food per annum across two facilities, which is shipped directly to customers around the world. They operate across a broad range of food sector trading channels supported by sales, marketing, customer service, development and technical experts.

Although Macphie of Glenbervie Ltd. is considered to be a 3rd generation family business, the family has been involved in farming and food production on their estate since 1296. Beyond the food business the family also has a “land business,” which encompasses property and farming operations as well as the operation of two recently installed wind turbines. The majority of all of these businesses are still located at the heart of the estate in Kincardineshire (also known as Mearns county), including a large production facility and the corporate offices. A fast growing part of the business is based at their second site 120 miles away near Glasgow. The family also still lives on the estate, which means that on most days CEO Alastair Macphie is 250 meters “from bed to desk.” This physical intertwining of the family and the business makes their desire to be responsible stewards almost second nature and drives them to incorporate sustainability, in all senses of the word, throughout the business.

**Holding the Mirror**
Despite the fact that the business has always had a focus on sustainability, the family had never taken the time to formally define what that meant to the long-term future of both the family and enterprise. So about 5 years ago, the family decided to codify their beliefs to ensure that both current and future generations would have clarity on how to continue to grow the family’s legacy. The first step in this process was to create a family constitution which clearly established the governance of all the family’s enterprises. The constitution also delineated the family’s reserve powers, ensuring the business will stay true to the family’s values by maintaining final oversight on everything from planning to branding to borrowing.

The central element of this governance structure is the family council, which is tasked with the oversight of the family’s social, educational and business activities. It is comprised of 12 family members and chaired by the family’s lawyer, formerly a non-executive director in the business. This council gathers for formal meetings at least twice a year, in which they review the state of the family enterprises and collectively make any key management decisions. Family members over the age of 18 are involved in governance in some way and, no matter what their level of involvement, everyone in the family is asked to put aside their shareholder positions and focus on what is important to the family.

The constitution is linked directly to the family’s mission, which is the True North by which they ultimately measure the success of all of the family’s enterprises.
The mission of the Macphie family is:

1. To preserve the family’s legacy of owning the Glenbervie property
2. To make a significant contribution to Mearns county and any other communities in which they operate
3. To provide financial security for the Family

Beyond measuring success, these objectives also serve as a critical lens the family can utilise when making big decisions about the future direction of the family’s enterprises. Now that the constitution and mission have been formalized, the family is confident that the key pieces are in place to ensure good governance for generations to come. But how is the constitution now shaping the work of the current generation and what kind of impacts is it creating in both the family enterprises and their communities?

Connecting the Dots
At its most fundamental level, this new found clarity within the family is accelerating the business’ ability to further embed CSR and sustainability at the core of its strategy.

The company’s values have been widely circulated and ensure family and are working towards the same goals. One clear indicator of this is the number of initiatives they are actively working on that help the environment and local communities. However, it should be noted that these aren’t just “feel good” projects, but rather investments that deliver clear business benefits over both the short and long-term. In other words, the goal is to use the family enterprise’s time, resources and money to work proactively to build meaningful results for everyone involved.

On the community front, Macphie is committed to donating 1% of profits to a whole range of local charities. When the nearby village of Auchenblae was devastated by flooding, Macphie stepped forward. Instead of just rebuilding what had been destroyed, Macphie chose to invest in building the necessary defences so the village never floods again. This same long-term investment philosophy holds true for the children and grandchildren of their employees. A bursary scheme contributes to university and college fees for both groups. They also invest directly in their employees via a shareholding scheme and the yearly awarding of 10% of company’s profits.
Since its founding, Macphie has taken strong steps to safeguard the environment. In 2008, they were the first manufacturer to process food ingredients using green energy created from locally sourced wood chips. In 2014, they erected two wind turbines on the Estate to provide energy for their main manufacturing site. These two projects were a multi-million-pound investment, which is now also reducing their CO2 emissions by 20,000 tonnes a year. They also treat all of their effluent on site, and have since 1973, and plant 30,000 trees annually. In short, they have established a comprehensive approach to sustainability that strives to achieve the right balance of operational efficiency with long-term sustainable success.

**Creating Impacts**

One of the most tangible results of Macphie’s progress on their sustainability journey over the last few years was achieving B Corp accreditation in 2015. B Corp companies are independently certified businesses that meet rigorous standards of accountability and transparency, societal and environmental performance. Once again, this wasn’t a ‘feel good’ initiative. The process was undertaken because it is important to some of their key end-customers and getting the certification allows them to stay a step ahead of their competition.

On the renewable energy front, 70% of their electricity requirements are now supplied by their own wind turbines. At the same time, their biomass boiler produces 80% of their factory steam needs 365 days of the year.

Numerous other positive impacts are being reviewed across the business (like the significant amount of greywater they process on their own accord), but up to this point, there has not been a sufficient business case to measure these additional impacts. All effluent produced on site has been treated on site since 1973. However, the business is committed to taking these extra steps because they align so clearly with the family’s mission and values. As with other leading edge initiatives, many of these values driven projects will undoubtedly prove to be wise investments and, when that comes, the business will be more than ready to calculate the return.
The benefits of embracing renewable energy have been incredible. Our B Corp certification has confirmed our position as a socially responsible business. Financially, we have a combined heat and power saving of around 15% per annum.

Alastair Macphie
CEO, Macphie of Glenbervie Ltd.

Identifying Next Steps
Macphie will continue to build on its legacy through investing in projects that align with the family’s mission and make good business sense. In the short term, they hope to work directly with their local community on sourcing more local produce; but this will require everyone involved to come up with some innovative solutions. On the operations side, they will continue to invest in big projects, but will also keep looking for quick wins that will move the needle in a positive direction. For example, there may be an opportunity to supply even more of their energy needs from their existing wind turbines by simply connecting some additional buildings to the system.

Macphie will continue to invest in their people through a variety of training and development programmes - training for the job of work but also for personal development for roles within or outside the business. Employees will continue to be given a voice in the future of the business through their 18 representative-strong Employee Forum, which meets once a quarter. The Forum discusses the latest issues from an employee perspective and ultimately is tasked with holding management accountable for the key decisions within the business. In order to increase communication and transparency, Macphie is also in the process of launching an intranet system which will allow everyone to be better informed about both the business’ performance and the impacts they are having in the community.

With roots firmly grounded in its farming heritage, Macphie will keep building a sustainable family business that creates positive benefits for all of its stakeholders. As for the family, they will stay focused on ensuring that not just the current and next generation prospers, but that the family will indefinitely continue to be responsible stewards of Glenbervie.

Macphie of Glenbervie is a certified B Corp, a global movement using business as a force for good. B Corps attract talent, foster community engagement and meet the highest standards of verified social and environmental performance. Learn how your family business can drive sustainability performance by taking the FBN Polaris Impact Assessment at [www.fbnpia.org](http://www.fbnpia.org)
Chopard
Shaping a Sustainable Supply Chain through Fair Trade

**Nature of Business:** Horology and Jewellery Design, Manufacture & Sales
**Industry Sector:** Luxury Consumer Durables
**Family Business History:** 3rd & 4th Generation
**Provenance:** Switzerland

*Caroline and Karl-Friedrich Scheufele, 3rd generation leaders of the family business*
Setting the Stage
In the world of luxury timepieces, the Chopard brand enjoys a tradition of excellence. Founded in 1860 in the Jura region of Switzerland, the owner-craftsman Louis-Ulysse Chopard soon gained a solid reputation, attracting buyers from as far afield as Eastern Europe, Russia and Scandinavia. In 1937, his son Paul Louis Chopard moved the firm to Geneva, the capital of haute horlogerie, to bring it closer to its cosmopolitan clientele. In 1943, Paul André Chopard, the founder’s grandson, took the helm of the company. But despite its promise, none of his sons wanted to work in the family business; so by 1963, he was seeking a buyer capable of reviving and perpetuating the brand’s rich heritage. He sold it that year to Karl Scheufele, descendant of a dynasty of watchmakers and jewellers from Germany whose own brand dated back to 1904.

Under the stewardship of the Scheufele family, Chopard has achieved significant growth and development. Renowned for its creativity, state-of-the-art technology and the excellence of its craftsmen, Chopard has become one of the leading names in the high-end watch and jewellery industry. Karl Scheufele and his wife Karin have orchestrated the company’s international expansion for more than 40 years and are still active in the firm; their two children Caroline and Karl-Friedrich are its current co-presidents; and Karl-Friedrich’s three children are being groomed for possible succession down the road.

Holding the Mirror
Over the years, as the 3rd generation Scheufele family members have planted their stamp on the business, they have had to consider two inconvenient truths: First, that the core activity upon which all jewellers rely — precious metal and gemstone mining — has a long and sad association with abuses of human rights and environment degradation. And second, that sustainable development is also struggling to find its place in the watch-making industry: the manufacturing process emits pollutants, and competitive pressures have caused factory closures, retrenchments and other inequalities.

As the chief custodians of their family business, Caroline and Karl-Friedrich decided early on that they would need to become staunch advocates for a more conscious and responsible business environment. But it would not be an easy road to take. In those early days, the barriers to surmount to get onto the Sustainability pathway were significant. Clearly regarded as a low priority, the Sustainability conversation tended to make headway only in times of prosperity, and was immediately relegated to the back burner during periods of crisis. Industry players were waiting for one another to make the first move. “After you” was the constant refrain. No one wanted the dubious honour of paving the way.
Connecting the Dots

Caroline and Karl-Friedrich planted a stake in the ground in 2010 when Chopard became a member of the Responsible Jewellery Council (RJC), a leading non-profit organization that aims to reinforce consumer confidence in the jewellery industry by promoting responsible ethical, human rights, social and environmental practices throughout its supply chain. The RJC has established a Code of Practice governing the profession and developed a common platform of standards, with credible mechanisms for verifying responsible business conduct through third-party auditing. Chopard quickly won certification when it became a member; and in 2013 and 2016, successfully renewed its full certification to the RJC Code of Practice.

Building on this base of corporate achievement, Caroline then drove the development of a multi-year programme entitled The Journey to Sustainable Luxury, launching it at the 2013 Cannes Film Festival in partnership with Eco-Age and its creative director Livia Firth. The Journey has been the primary platform for Chopard to deepen its pursuit of sustainable luxury by sourcing from businesses that are demonstrably committed to responsible, ethical, social and environmental practices.

The most visible proof-point of The Journey to date occurred when Chopard forged a philanthropic relationship with the influential South American mining NGO, the Alliance for Responsible Mining (ARM) in 2013. The independent non-profit organization is a pioneer of responsible artisanal and small-scale mining. To that end, ARM conceived and launched Fairmined – an assurance label that certifies gold and associated precious metals that is extracted in a sustainable manner from artisanal and small-scale mining organizations that often comprise the core of the livelihood of rural villages.

Fairmined provides gold for businesses selling labelled products with strict traceability requirements: it is backed by a rigorous 3rd party certification and audit system, and it includes a business-to-business model for sustainability reporting. Fairmined certification ensures that Artisanal Small Mining (ASM) communities meet world-leading standards for responsible practices, and delivers social development and environmental protection by fostering local control of a community’s own natural resources. Communities like this account for 80% of the global mining workforce and produce 20% of the world’s gold, so the stakes are high and the impact can be significant.

Creating Impacts and Identifying Next Steps

Steered by the deft leadership of Caroline Scheufele, Chopard has become the first watch and luxury jewellery company in the world to support and enable mining communities to reach Fairmined certification standards. Working alongside the ARM, Chopard has made significant social impact in the small, remote South American community mines of Colombia, providing social welfare, education and training whilst protecting the natural resources and wildlife habitats they depend on.

The first artisanal community mine Chopard worked with was the Coodmilla Cooperative, founded in 1977 in La Llanada, in the Nariño municipality of Colombia – a town with historically high levels of mining-related diseases, social issues and a general lack of opportunities and access to education. The mine itself represents the livelihood of approximately 1,860 people. With the support of Chopard and the ARM, Coodmilla attained Fairmined certification in July 2015 which ensures better living and working conditions to certified miners and their families.

Building on the growing success of The Journey to Sustainable Luxury launched in 2013, Chopard last year
announced its support for a new gold mine in Bolivia. The 15 de Agosto Cooperative is one of the largest independent cooperatives in the country with 198 members, including 78 women. With the financial commitment of Chopard, the 15 de Agosto miners have been inspired to help themselves in many admirable ways. The co-operative invests up to 15% of their profits in community projects, and entirely funded the construction of the local elementary school. The miners also organize social events and celebrations; and at the start of each new mining season, involve the whole community in a two-day festival to raise spirits and create kinship and solidarity. The cooperative set a record for obtaining Fairmined certification, swiftly achieving that standard in September 2015.

To ensure the traceability of the Fairmined gold now used by Chopard, the company has created a segregation process in its workshops in Geneva. The Green Carpet Collections of High Jewellery, made in accordance with Green Carpet Challenge (GCC) ethical benchmarking, are all produced through this dedicated process. Building further on this newly developed know-how, Chopard has launched its first watch made with Fairmined gold – the L.U.C Tourbillon QF Fairmined – followed by several new complication models all made within this sustainable criterion.

Chopard, through its financial support to the mining communities and working with its NGO partner, the ARM, is paying a premium price for the gold the communities produce to enable them to invest part of their profit in community projects. It has agreed to source the gold produced directly from the communities.

“It is a bold commitment, but one that we must pursue if we are to make a difference to the lives of people who make our business possible,” says Karl-Friedrich Scheufele. “Over a thousand families will benefit through social, environmental and training provision to help them improve their productivity and practices and to thrive sustainably in a complex corner of the world.”

Caroline Scheufele admits to being “proud to take the next step on our Journey to Sustainable Luxury. It has not been easy, but the results have been incredible. We can truly see the difference that we are making to the mining communities.”

Brother Karl-Friedrich carries on: “As a century-old, family-run business, we are very aware of our responsibilities on our journey to sustainable luxury. It is not an easy journey, but it is the right one. There is a business and moral imperative to engage with civil society, government, our industry colleagues and industry associations to address these issues. The Journey is a very exciting multi-year programme that will ensure we are working purposefully towards our goal of sustainable jewellery.”
One Day, We’ll be Able to Eat Our Food Packaging

Fully 30-40% of food produced around the world is never eaten because it spoils at some time after harvest or during transport, or gets thrown away by shops and consumers. Yet almost 800 million people worldwide go to bed hungry every night.

But hope is on the horizon. Scientists in the USA are developing an edible form of packaging which will preserve food more effectively and more sustainably than plastic film, helping to cut both food and plastic waste. The packaging film is made of a milk protein called casein, looks similar to plastic wrapping, but is up to 500 times better at protecting food from oxygen – thus preventing food spoilage during distribution. The protein-based film is also biodegradable and more sustainable than plastic. It does not currently have much taste, but flavours could be added to it, as could vitamins, probiotics and other nutrients. This new packaging paradigm will likely be commercially available by 2019.

(http://news.trust.org/item/20160822155412-ssiu0/)

Michelin Chef Finds Greatest Satisfaction in Feeding the Homeless

Food for thought: A third of all food produced – about 1.3 billion tonnes – is wasted every year, while 795 million people do not have enough to eat. These statistics so outraged Italian chef Massimo Bottura when he became aware of the situation, that he decided to do something about it. The three-starred Michelin chef launched Refettorio Ambrosiano in Milan in 2015, offering paid lunches to the public in order to provide free evening meals to local homeless shelters, using donated food from agricultural markets and supermarkets, restaurants and schools. To date the restaurant has saved 30 tonnes of food and provided 23,000 meals.

Chef Massimo followed that up by opening Refettorio Gastromotiva in Brazil in August this year, using surplus food from the Olympics Village to feed hungry locals, aided by a group of superstar chefs in Rio for the Games. Post-Olympics, it uses waste food donated by supermarkets, vegetable wholesalers and organic farmers to cook paid-for lunches, allowing it to provide 70 free evening meals for vulnerable local residents. The kitchen is staffed by graduates from a chef training scheme who come from Rio’s most under-privileged communities. These ventures are changing perceptions of food waste, and raising a global consciousness of how we can use and value our food for the future.

Saving Water in the Mist

Some of the most water-stressed cities in the world are consuming water like nobody’s business: 40 million gallons running through the taps in Los Angeles, 50 million gallons in Rio de Janeiro, 220 million in Tokyo and 240 million gallons in Shanghai. Every single day. And most of it down the drain. Even as scientists are trying to find water on different planets, we have to do better here to conserve our planet’s most precious resource.

The Altered Company does so with the world’s most extreme water saver: The Altered:Nozzle, a device that attaches to the standard water faucet and can reduce water usage by a whopping 98% without sacrificing functionality. It does this by atomizing the water: breaking it up into millions of tiny droplets, creating a watery mist that dramatically increases the surface area of the water and makes it possible for you to come in contact with almost all the water coming out of your tap – instead of a traditional faucet that puts out water in a constant stream, much of it splashing off anything in its path. The aerator nozzle takes less than a minute to install, and offers a secondary operational mode with a more directed spray to quickly fill up water containers, but still delivering a 75% reduction in water usage. The Swedish company counts a well-known designer amongst its founders (which explains its sleek design), and has significantly exceeded its funding target on Kickstarter. The first nozzles are scheduled to ship in Dec 2016.

Turning Tobacco into Airplane Fuel

The businesses of tobacco farmers are going up in smoke. Take the USA, for instance. In the 1970s, US farmers grew more than 900,000 tonnes of tobacco. By 2012, production had dropped to 360,000 tonnes. But it isn’t all gloom and doom. As demand for tobacco has declined, enterprising farmers in Virginia have experimented with turning their crop into viable biofuel. Here, flavour and nicotine content are irrelevant; the entire plant, including leaves and stems, are cut with a silage chopper and tossed into metal bins. All of the tobacco plants harvested are turned into biofuel. For tobacco producers, the transition is simple: growing energy tobacco is similar to growing smoking tobacco and requires the same equipment and skills; because the harvest is mechanised, it takes less labour to produce a crop.

In South Africa, a collaboration between Boeing and South African Airways called Project Solaris is focused on developing aviation biofuel from tobacco crops, with a goal of operating its first tobacco-fuelled passenger flight by early 2017. A new generation of farmers is becoming more progressive and looking for alternatives to traditional practices that take a heavy toll on our planet. Upon their shoulders rest our hopes and dreams of a sustainable future.

Self-Healing Clothing Made from Squid Teeth

Scientists have come up with a way to make rips in clothes repair themselves. (Teenagers are going to be furious.) The self-repairing materials, created by researchers at Penn State University in the USA, are based on proteins from a squid’s ring teeth. By coating wool or cotton with materials derived from these proteins, tears can be patched or repaired by wetting the damaged spot and applying pressure for a few minutes.
The squid-tooth-based material has one big advantage over alternative methods for healing fabrics: It’s stable in almost any environment. Wet or dry, the coating will not break down or dry out and crack like it does with some other methods. That’s important: If you’re using it to extend the useful life of clothes, then you want it to last as long as those clothes. Laundering the clothing would automatically repair any tiny defects that may have opened up. The coating also increases the strength of the material, while adding little weight. The process leaves scars, but that just makes it look even cooler. Self-healing clothes might be a gimmick now, but they could be the key to truly sustainable clothing.

Transforming Haiti’s Trash into an Industry

Haiti has a trash problem: The city doesn’t have a municipal recycling system; and as global oil prices have dropped — reducing demand for recycled plastic — local trash pickers are less likely to collect empty bottles. HP and Timberland have stepped in. HP, which uses recycled plastic when it makes new printer cartridges, has announced it will buy some of that plastic from Haiti. The company already recycles its ink cartridges in a closed-loop process, combining old cartridges with more recycled plastic to make fresh cartridges. The new supply from Haiti won’t begin to cover HP’s supply chain needs — its daily plastic use requires the recycled plastic from more than 1 million plastic bottles, plus a lot more virgin materials — but on Haiti’s end, it can help push for more collection.

Separately, Timberland has announced it will launch in 2017 a special collection of products including duffel bags and boots that are made in part with recycled plastic fabric from Haiti. Both companies have partnered with Thread, a certified B Corp that works in Haiti and other low-income countries, to transform waste into useful products.

Taking Aim at our Disposable Culture

It’s all-too-common a scenario: You take in your shoes or a gadget for repair and discover that fixing it will cost more than buying a new version. Now Sweden is trying to fix this, by halving the tax paid on repairs and increasing taxes on unrepairable items. “If we want to solve the problems of sustainability and the environment, we have to work on consumption,” says Sweden’s finance and consumption minister Per Bolun. “One area we are really looking at is so-called ‘nudging.’ That means, through various methods, making it easier for people to do the right thing.”

The proposed legislation would cut regular tax on repairs of bikes, clothes, and shoes from 25% to 12%. Swedes would also be able to claim half the labor cost of appliance repairs from their income tax. Some companies like Apple take a different path: It swaps out your broken phone for a new one, often free of charge, and then breaks down your old unit, reusing its internals if possible, or recycling them. Other manufacturers are distinguishing themselves by offering products that are designed to be repaired. The biggest problem faced by advocates of fixing your stuff instead of tossing it out is good old consumerism. As long as we are tempted with the new, it’s harder to hold on to the old.

Granted, old habits die hard. But in the pursuit of sustainability, some of them deserve a decent burial.
We are grateful to FBN members AFAS Software, Algar, Bel Group, Chopard, COOK, IMC, Jebsen & Jessen, Macphie of Glenverbie and Thomas Swan for sharing their stories, and Albert Jan Thomassen, Dennis Jaffe, Liz Fernandes and IMD for their contributions to the articles.

About the Polaris Committee
Comprising FBN members, executives and sustainability professionals, the Polaris Committee spans cultures, geographies, industry sectors and generations.

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About The Family Business Network

The Family Business Network (FBN) is a global network run by family businesses, for family businesses, across generations. Founded in 1990, it brings together over 3,200 families, 10,000 individual members including 4,000 next-generation members – across 29 chapters covering 65 countries worldwide. FBN helps enterprising families grow, succeed and prosper through the exchange of best practices and new ideas. Being by families, for families, FBN creates a safe space in which family businesses learn from each other and share the passion they have for their family and their enterprises – and how to reconcile these two passions.

FBN is a not-for-profit international organization, offering unique value and insights to members of families in business including:

• a strong international community of business owners, both global and local
• an inclusive, non-solicitation environment for intimate and authentic peer-to-peer learning for all members of the family
• a platform which fosters communication and dialogue across generations, where each family member is invited to share their values, long-term aspirations and roles within the family
• a forum where every stakeholder, CEO, board member, shareholder, spouse or next-generation member can engage with their peers on the problems they are confronted with on a day-to-day basis, and find support in learning through shared experiences

www.fbn-i.org

FBN acknowledges the generous support of the Family Business International Foundation. FBIF supports research on factors that underpin the success and sustainability of Family Business and highlight the important contributions brought by business-owning families to economies, employment, environment and society.