

Sustainability strategy and plans

About these guides

These practical guides explain important sustainability topics for businesses. Share them with the people in your organisation who are working together to meet your environmental, social and governance goals.

Why does my organisation need to be sustainable?

Sustainable businesses are excellent businesses. Your sustainability programme starts with rangatiratanga: good leadership and good navigation. By putting sustainability front-and-centre in your business strategy you set your business up to create value in the short and long terms – economically, environmentally and socially. Acting sustainably becomes part of ‘how you do business’ and a plan for the future.



Guiding principle: rangatiratanga

Rangatiratanga is about taking leadership and navigating your organisation’s sustainability path. The art of navigation is part of the DNA of our Indigenous communities. It is central to developing a sustainability strategy and plan.

Rangatiratanga involves having the sovereignty and autonomy to make decisions. It is also about being responsible for making decisions that benefit your organisation, your people and the future.

Why strategy matters

A strategy focuses your efforts. It identifies what you are already doing well and prioritises your next steps. A strategy helps you tackle the right things in the right order to make your organisation more sustainable. While it’s tempting to focus on activities that are relatively easy and visible, or do a bit of everything, with limited resources you need to prioritise to have greatest impact. (Strategy is about what you **don’t** do too.)

For example, if you manufacture a product, overhauling your packaging may seem a great place to start. But if your packaging accounts for just 5% of your organisation’s carbon footprint, there are more important areas to focus on. A strategy will help you identify them.

ESG and sustainability (with a focus on climate) are increasingly seen as core strategy. For example, ‘strategic integration’ is a core principle of the global Climate Governance Principles. Climate-related strategies involve communicating strategy and transition plans to regulators and investors.

An effective sustainability strategy...

- sets a long-term ambition for your organisation
- is part of your business strategy – not an ‘add-on’
- focuses on environmental, social and governance activities
- reflects what matters most to your organisation and stakeholders, including the communities you touch
- is practical, with a roadmap for short-, medium- and long-term action.

How a sustainability strategy helps your organisation succeed

Research from Deloitte and Morgan Stanley shows that companies that invest in sustainability outperform the market in the medium and long terms. [Refer to guide on the business case for sustainability.](#)

Closer to home, data from the Kantar/SBC [Better Futures report](#) shows that consumers increasingly expect businesses to operate sustainably.

| Business opportunities | Business results |
|---|---|
| <ul style="list-style-type: none"> Identify and prioritise your risks and opportunities Build your brand value and reputation Stand out from competitors Meet your investors' expectations Build relationships with your team, suppliers and community Stay ahead of regulation | <ul style="list-style-type: none"> Lower risks and costs A more resilient organisation Market share Increased revenue Stronger relationships Confident investors Engaged employees New talent attracted Social licence |

How to make sustainability central to your business strategy

Note: your 'business case for sustainability' will generally be part of a business case for a wider activity.



1. Preparing for your strategy

Get your team together

Becoming more sustainable involves every part of your business. Get the right people 'in the room' from the start.

Consider the different voices in your organisation and how you can bring together diverse thinking and life experience. Involving many voices ensures you include different cultures, abilities and approaches.

Involve people who deal with stakeholders like regulators, suppliers, customers and your team. Shoulder-tap team members from finance, reporting and communications. They'll need to communicate your strategy and track and report your progress.

Be clear about your purpose

What difference do you want your business to make in the world? How does this link with the values of your communities and Aotearoa New Zealand's founding document (Te Tiriti o Waitangi)?

Your purpose and sustainability programme need to be part of everything you do, including how you produce your products and services, train your team and manage your suppliers.

Set priorities

Every organisation is unique. Take time to understand where to focus your efforts. These are a couple of ways to do this.

› Do a materiality assessment

A materiality assessment will help you understand where to focus. What matters to your stakeholders, including your suppliers, customers, team, iwi, hapū and community in their relationships with you? *Your carbon footprint? Health and safety? Obligations under Te Tiriti o Waitangi? Efforts to support kaitiakitanga (guardianship) in the areas you operate in?*

What matters to your business? *Retaining your top customers? Future-proofing your supply chain? Complying with regulations? Building a skilled workforce? Working effectively with Māori?*

Bring these issues together and the result is a 'sweet spot' – a list of common, priority topics to build your strategy around.

The way you conduct your materiality assessment matters. Frame your questions in culturally appropriate ways. When you first engage with stakeholders, consider the rangatira ki te rangatira (leader to leader) approach. Use surveys, phone calls and kanohi ki te kanohi (in person) to help your stakeholders take part.



Tip: Build in 'double materiality'

How do these sustainability topics affect your business? How does your business affect these sustainability topics?

› Sustainable Development Goals (SDGs)

The [SDGs](#) are 17 social, environmental and economic goals to create a better world. Businesses play a big part in achieving them.

Focus on five or six goals that ‘fit’ your organisation and where you can contribute most. Some goals, like SDG 13 – Climate action, are important for every organisation. Others are more important to some industries and organisations than others.

Consider adding an SDG that stretches your organisation to be a better Treaty partner. SDG 10 – Reduced inequalities and SDG 14 – Partnerships for the goals are relevant to Indigenous communities. They will challenge you to build meaningful relationships with Indigenous groups inside and outside your business.



Decide whether to use a framework

If you plan to report against a framework such as Integrated Reporting <IR> or the Global Reporting Initiative (GRI), set your strategy up for this from the start. A framework will influence what you measure and the data you collect. (A framework is optional in many cases.)



2. Writing your strategy

Set your baselines

What gets measured gets managed. Start by measuring where you are now. For example:

| If your strategy involves: | You’ll need this baseline: |
|--|---|
| Reducing your carbon emissions | Your current carbon footprint |
| Improving your pay equity | Your current pay data |
| Reducing your impact on nature | Your products’ contribution to acidifying local waterways |
| Building relationships with your local community | Community sentiment e.g. number of complaints/positive exchanges in the past year |

Look ahead with targets and metrics

Decide what you want to achieve and how you’ll measure it (Key Performance Indicators). For example:

| If your strategy involves: | Target (on base year) | Metric (annual) |
|--|---|---------------------|
| Reducing your carbon emissions | Reduce our carbon footprint | -10% |
| Improving your pay equity | Improve our pay equity | Close the gap by 5% |
| Reducing your impact on nature | Reduce acidification of local waterways | -30% |
| Building relationships with your local community | Reduce complaints | -10% |

The most effective targets are SMART: specific, measurable, achievable, relevant and time-bound. Environmental targets should be [science-based](#).

Don't create legal risk for your business!

- If you set a target, you need a plan to achieve it.
- If you're not on track to achieve your target, you need to communicate that.
- If you claim a target is based on science, you need data to prove it.

Anything less is greenwash.

A note on data

The devil is in the detail (and your data). Expect to have gaps in the early years. Decide what you want to end up reporting and work towards that. (It may involve changing your processes and that takes time.) If you use a reporting framework (below) it will help you identify gaps in your reporting.

Write your strategy

A best-practice strategy:

- has a clear aim and end state
- sets context (e.g. risks and opportunities)
- features activities that bridge the gap between where you are now and where you want to be
- builds on strengths like your team's skills, location and technology
- differentiates your business from your competitors.

**3. Acting on your strategy****Plan to act**

Strategies are made to be executed! Agree a 'roadmap' of short-, medium- and long-term actions. Set clear roles, responsibilities and dates. Allocate budget.

Manage the change involved

Your strategy will involve changing things and you'll need to manage this change. Communication will be important to gain buy-in and raise awareness. Training, new processes and documentation will help make change possible.

**4. Communicating and reporting your progress****Keep your stakeholders up to date**

Enlist support from the people who will help you act on your strategy – internal and external. Keep them up to date on what you're achieving, with clear, concise reports and updates. Understand your stakeholders' values and communicate in culturally sensitive ways.

Tell your stories – without greenwash

Nothing's more motivating than seeing the results of hard work! Be open, give real examples, and talk about challenges as well as successes. This is an opportunity to provide examples of rangatiratanga – good leadership.

Staying on track**Review your progress regularly**

Tie these reviews into monthly reviews of your financial performance and your investment planning.

Review your strategy regularly

Review your strategy and the 'building blocks' it rests on, such as the topics from your materiality assessment. Things change and your business needs to respond.

If you're using a materiality assessment, do a new one every three years and sooner if something major changes (e.g. you invest in a new subsidiary).

Benchmark your strategy

With more companies disclosing information, there is plenty of data out there.

Get support from a third party

An independent third party will be able to see things you can't, as well as provide assurance. If you lack knowledge (e.g. how to measure carbon emissions or engage with iwi/hapū) enlist an expert to help you get it right the first time and build your skills for the future.

Do a 'maturity assessment'

This is a 'stocktake' of your sustainability programme. Are you making the progress you need to make to become more sustainable?

- Level 1: you're just starting out
- Level 2: you have a structured sustainability programme
- Level 3: your programme is achieving everything it can
- Level 4: sustainability is part of your culture

Maturity may differ across your sustainability programme. For example, you may be blazing a trail to reduce your carbon emissions but just starting to tackle modern slavery in your supply chain.

A roadmap to bring it all together

| Getting started | Making progress | Leading the way |
|---|--|--|
| <ol style="list-style-type: none"> 1. Get your team together 2. Be clear about your purpose 3. Set priorities <ul style="list-style-type: none"> • Do a materiality assessment • Confirm your SDGs 4. Set baselines, targets and metrics 5. Communicate | <ol style="list-style-type: none"> 1. Report your strategy against a framework (IR, GRI, a mix, none) 2. Schedule regular reviews 3. Identify gaps in your data 4. Arrange a peer review and/or maturity assessment 5. Act on your strategy | <ol style="list-style-type: none"> 1. Report your progress 2. Schedule regular reviews 3. Keep filling gaps in your data 4. Arrange appropriate assurance 5. Act on your strategy |

Looking ahead

Expect to respond to change even more quickly in future. Anticipate emerging issues and how these will affect your stakeholders and business and build this into your strategy. 'Dynamic material assessments' will help you.

About us

The **Sustainable Business Council (SBC)** is a CEO-led membership organisation that mobilises over 130 ambitious businesses to build a thriving and sustainable future for all.

thinkstep-anz is an independent trans-Tasman sustainability firm. We offer a full range of sustainability services and specialise in plain English sustainability communications and design. thinkstep-anz's sustainability communicators have written this guide.

Kaitiaki Collective promotes transformational thinking through sustainability, environmental and stakeholder engagement. We reflect whakaaro me mātauranga Māori in everything we do.

More information

You'll find the other guides in this series here: [sbcsbc.org.nz/sustainability-toolkit](https://www.sbc.org.nz/sustainability-toolkit)

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