

The Path to Profit Shifted

Insights into Business 2030



June 10th & 11th **2019**
Gaborone, Botswana

Keynote Presentation to
Botswana Resource Sector Conference
June 10-11, 2019
Gaborone, Botswana

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Path to Profit Formula

$$P_M(x) = \sum_{i=1}^{\infty} 2^{-|s_i(x)|}$$

There will be a test



$\epsilon(\omega T) \cdot \alpha \omega \approx \epsilon(s - \frac{\omega}{T})$
 $I = H(\frac{Z^2}{2}) + H(\frac{Z^2}{2}) = \frac{MR^2}{2}$

$\Psi_{n,0} = \frac{1}{\sqrt{2}} (\Psi_{n-1} + \Psi_{n+1})$
 $F = -\nabla U(r)$
 $\mu_{3z} = \mu_0 \cos \varphi$
 $B = \text{konst} \cdot r^2$

$\mu_3 = \pm \frac{1}{2} \frac{sp/h}{\text{electron}}$
 $E_n = E_0 \frac{1}{E_n}$
 $F_z = \mu_{3z} \frac{dB_z}{dz}$

$\mu_{3z} = \mu_0 \cos \varphi$
 $B = \text{konst} \cdot r^2$

$1H - \text{Hydrogenium}$
 $2H - \text{Deuterium}$
 $3H - \text{Tritium}$

$U_{0z}(r) = \frac{q}{r} e^{-\alpha r}$
 $\frac{\alpha}{k}$
 $A = Z + N$

$Q = Ze = (A - N)e$
 $D_n = E_n / c^2$
 $D_n = H - (Zmp + Nm_n)$

$U_{0z}(r) = \frac{e^2}{4\pi\epsilon_0} \frac{1}{r}, r \geq a_0$

$4 \frac{1}{2} a + 7 \frac{1}{2} N + 1 \frac{1}{2} P$

$10 \rightarrow 10 \text{ protons} - (1672646 \pm 0,0000006) \cdot 10^{-22} \text{ kg}$

$P \rightarrow N$

Who/What is



- Canadian based with global delivery (focus on Americas, Gulf Region and Africa)
- Extensive Ghanaian experience
- Trained hundreds of executives, leaders and practitioners in CSR Strategy and Practice
- Focus on CSR strategy, Value Creation and Impact
- Certified GRI Training Partner (Ghana)
- Public programs and customized corporate and organizational programs
- Consulting and strategic assignments

- ✓ Mining industry experience on 5 continents over 30 years
- ✓ Exploration experience: two seasons of diamond drilling for gold and uranium

Wayne Dunn

- Founder & President of CSR Training Institute
- Master of Science in Management, Stanford Business School
- Stanford University Sloan Fellow
- Chair, EU Africa CSR Awards
- Advisory Board, EU Africa Chamber of Commerce
- Advisory Board, SDG Foundation
- Former Professor of Practice in CSR, McGill University
- Successful capital raises, London, New York (Goldman, Barclays, etc.)
- 25+ years of practical CSR experience (40+ countries, every continent, public and private sector) 20 years in Ghana
- Frequent speaker on strategy and sustainability at events worldwide
- Numerous awards (1st private sector winner of World Bank Development Innovation Award, Stanford Case Study, etc.)
- Advisor to corporations, governments, NGOs and international organizations worldwide
- Consulted across industries, geographies and sectors on Strategy, CSR, Sustainability and Operations
- Wife and son are dual citizens of Ghana/Canada

Are things changing?

- Is sustainability become more important?
- Is environmental performance becoming more important?
- Are cost pressures increasing?
- Are stakeholders demanding more?
- Is government wanting more?
- Are shareholders and investors wanting more?



IS THE PATH TO PROFIT GETTING EASIER?

Welcome to Business 2030

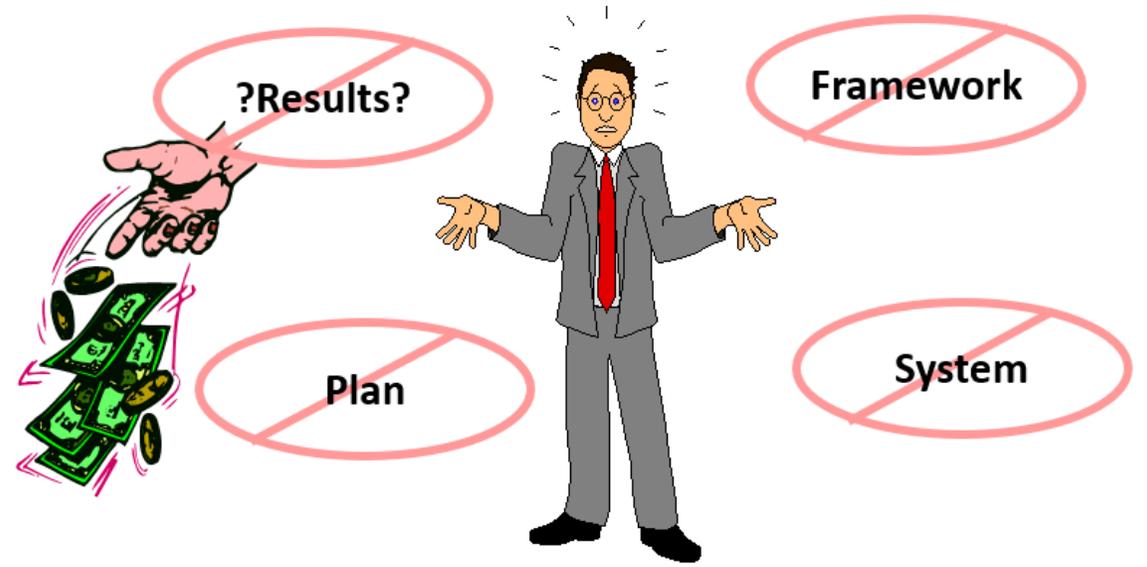


Let's talk about

- What happened
- What you can do about it
- How to modernize your value focus

Who has heard about...

- Mine optimization studies and planning?
- Business optimization studies and planning?
- Sustainability optimization studies and planning?



The Path to Profit

**Traditional
View**

Business is about value

Creating and preserving shareholder value

The Social Responsibility of Business is to Increase its Profits

by [Milton Friedman](#)

The New York Times Magazine, September 13, 1970. Copyright © 1970 by The New York Times Company.

Focus on improving value creation efficiency



Path to profit
was more direct

The world has changed



Echo Chamber of Social Media



The *Path to Profits* shifted

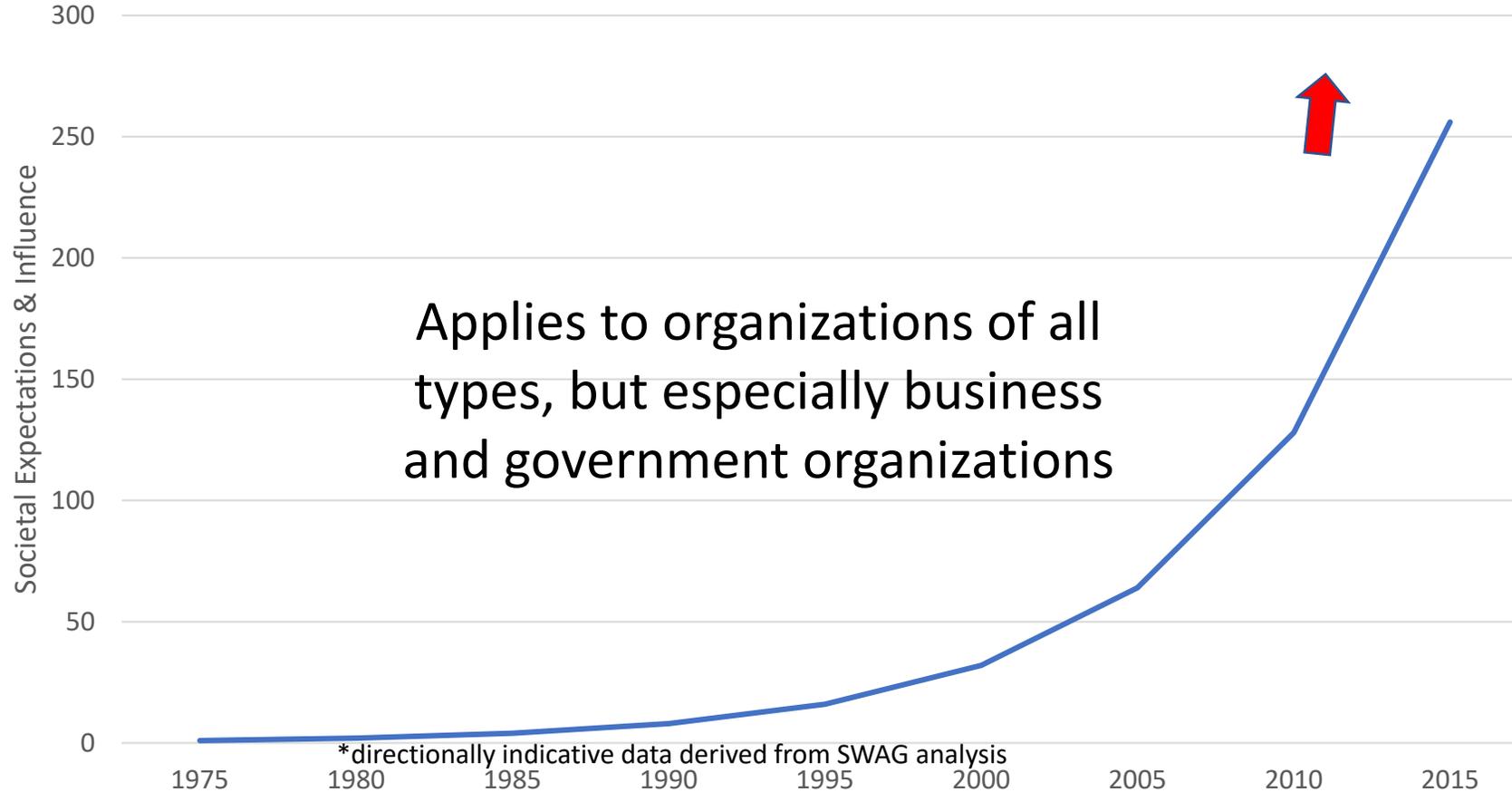
The Fastest-Growing Cause for Shareholders Is Sustainability

by George Serafeim

JULY 12, 2016

Harvard Business Review

Increasing societal expectations and influence



SDGs: The Universal Global Agenda

THE GLOBAL GOALS For Sustainable Development



Botswana committed to 2030 Agenda



President Mokgweetsi Masisi re-affirmed **Botswana's commitment to the implementation of the 2030 Agenda for Sustainable Development**, adding that the country's Vision 2036 had been

The resource sector is critical to SDGs in Botswana and throughout the continent



The SDGs matter for business

- The SDGs are a strategic opportunity for business
- Not to be approached as a charity agenda
- Valuable framework for organizing, managing, reporting and communication



Why do the SDGs matter for business?

SUSTAINABILITY VIGNETTES:
INSIGHTS INTO BUSINESS 2030

WITH WAYNE DUNN

CSR TRAINING INSTITUTE | SUSTAINABLE DEVELOPMENT GOALS

STIMULATE YOUR THINKING | SHIFT YOUR PERSPECTIVE | ENCOURAGE EXPLORATION



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Financing & Investing Changed

- Social and environmental performance key to financial performance
- 84% of millennials are interested in sustainable investing.
- Impact Investing “*Globally, more than \$22.8 Trillion, 25% of all professional capital under management*” – Morgan Stanley
- Mainstream investors increasingly rely on sustainability reporting and data



* Morgan Stanley Institute for Sustainable Investing

Home › Science › Environmental news › Bank of Ghana facilitating sustainable principles in banking

Environmental news

Bank of Ghana facilitating sustainable principles in banking



The Rise of Sustainable Investing

Instead of just looking at a stock price, investors are asking how a firm impacts society as a whole.



FTSE4Good



TRAINING INSTITUTE

Business valuation models have reversed

80-20

To

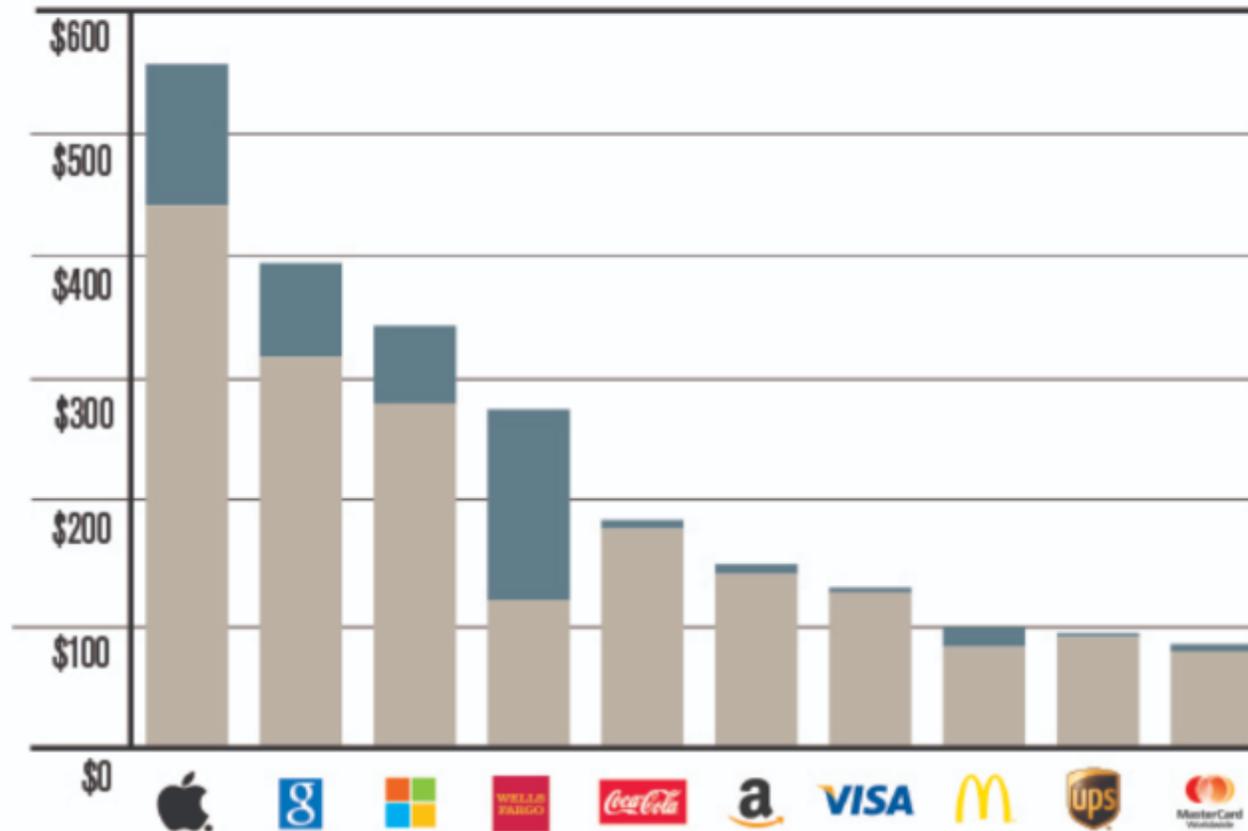
20-80



Intangibles and top brands

Market value of top global brands
Intangible and tangible value (\$bn)

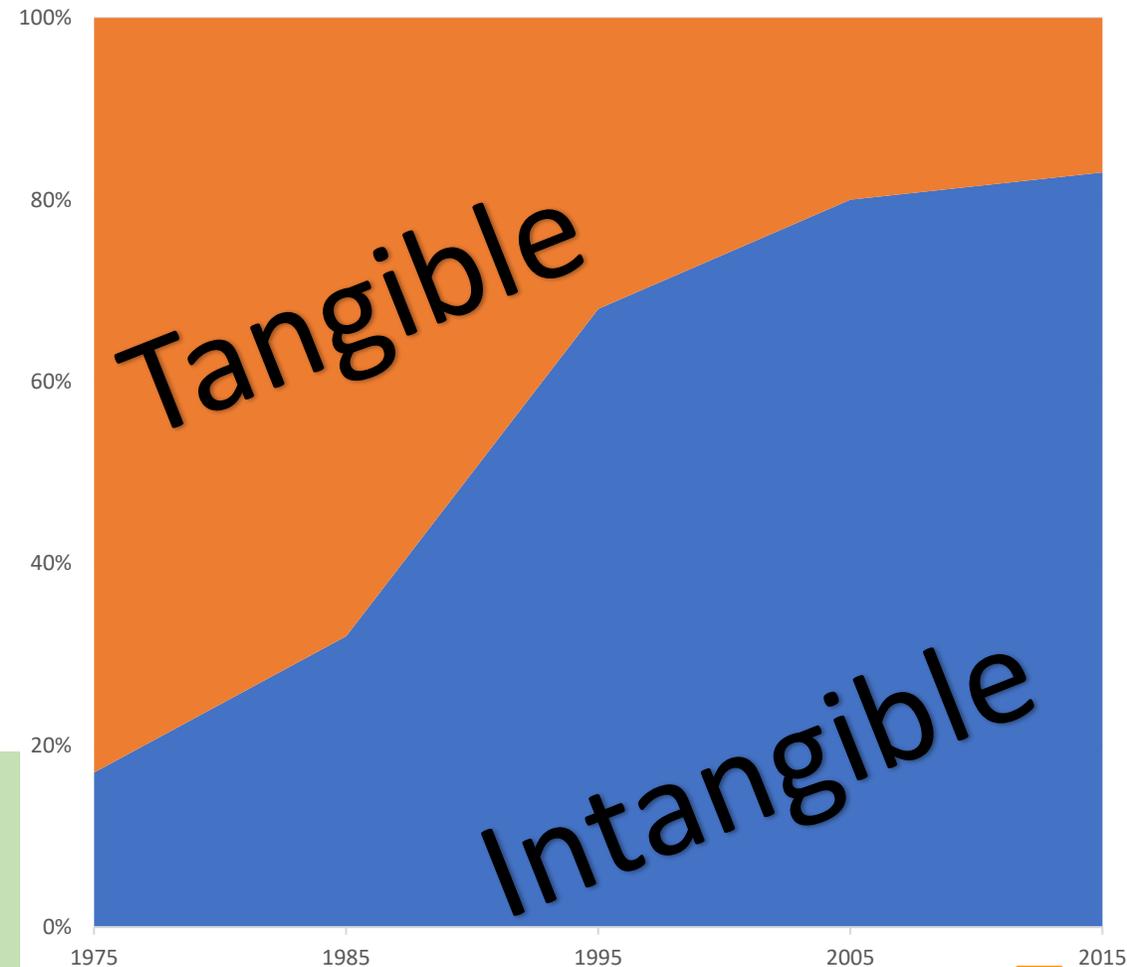
■ Intangible value ■ Tangible value



Stock Market Valuation*

- \$0.83 of your share price is based on intangible value (brand, reputation, social licence, etc.)
- Only \$0.17 on hard assets (cash, plant, equipment, inventory, etc.)
- Complete reversal in 40 years

\$25 TRILLION of intangible value in North American Stock Markets vs \$5 trillion in tangible value



*Boston College & <http://www.oceantomo.com/2015/03/04/2015-intangible-asset-market-value-study/>

\$6 Trillion Investor's Statement

Jan 15, 2018

**CONTRIBUTE TO
SOCIETY**

OR WE WON'T INVEST

-Blackrock: World's largest investor



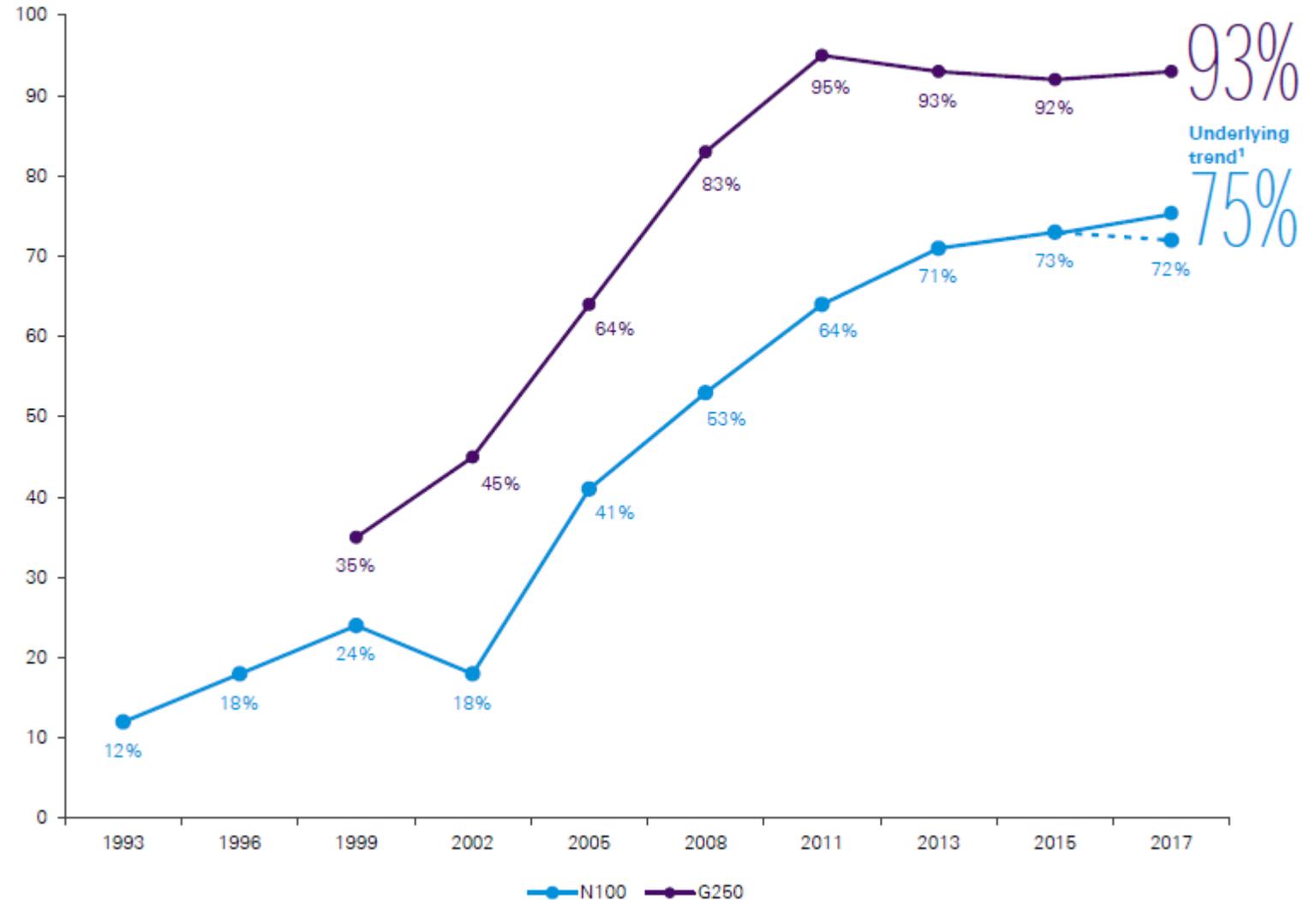
<https://www.nytimes.com/2018/01/15/business/dealbook/blackrock-laurence-fink-letter.html>



Sustainability Reporting

- Growth in sustainability reporting driving by strategy & value
- Increasing demand by investors, regulators and other stakeholders
- Reporting helps organizations to be more efficient and effective

Growth in global CR reporting rates since 1993



KPMG 2017 Report on Sustainability Reporting

Sustainability Reporting

- Done strategically it can add value for organizations of all sizes and sectors
- Needs to be done strategically with focus on value and impact



**Sustainability Reporting
is Smart Business**

SUSTAINABILITY VIGNETTES:
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CSR TRAINING INSTITUTE | **SUSTAINABLE DEVELOPMENT GOALS** | **STIMULATE YOUR THINKING** | **SHIFT YOUR PERSPECTIVE** | **ENCOURAGE EXPLORATION**



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Sustainability is a Global Phenomena

Trends
Matter

No geographic exemptions

- Trends are global
- Sustainability expectations and imperatives grow stronger **every year** and **everywhere**
- Business performance expectations grow stronger **every year** and **everywhere**
- Trendline is very clear **every year** and **everywhere**

SDGs and Sustainability done right

- **Doesn't try to change a business into a charity**
- **Is all about value creation and efficiency**
- Integrates sustainability throughout the business
- Delivers social value without turning any part of the business into a do-gooder charity organization
- Integrates and aligns
 - Social Value
 - Environmental Stewardship
 - Shareholder Value
- Avoids zero-sum, value distribution approaches
- Drives value creation and competitive advantage

**Know your
Sustainability Value Proposition**

Company BEFORE Community

- Smart sustainability includes the interests of your business.
- Social/community value is mandatory for modern business
- Social/community value investment without business value is inefficient and unsustainable
- Key is integration and alignment of the two
- Sustainability planning and optimization



Complex Imperatives of Business 2030

- ✓ Deliver social value and impact,
- ✓ Improve environmental stewardship,
- ✓ Engage with the SDG agenda,
- ✓ Deal with ever-increasing regulatory requirements

- ✓ Reduce costs
- ✓ Increase growth
- ✓ Keep shareholders satisfied

BUSINESS 2030



**SUSTAINABLE
DEVELOPMENT
GOALS**

The Path to Profit has Shifted

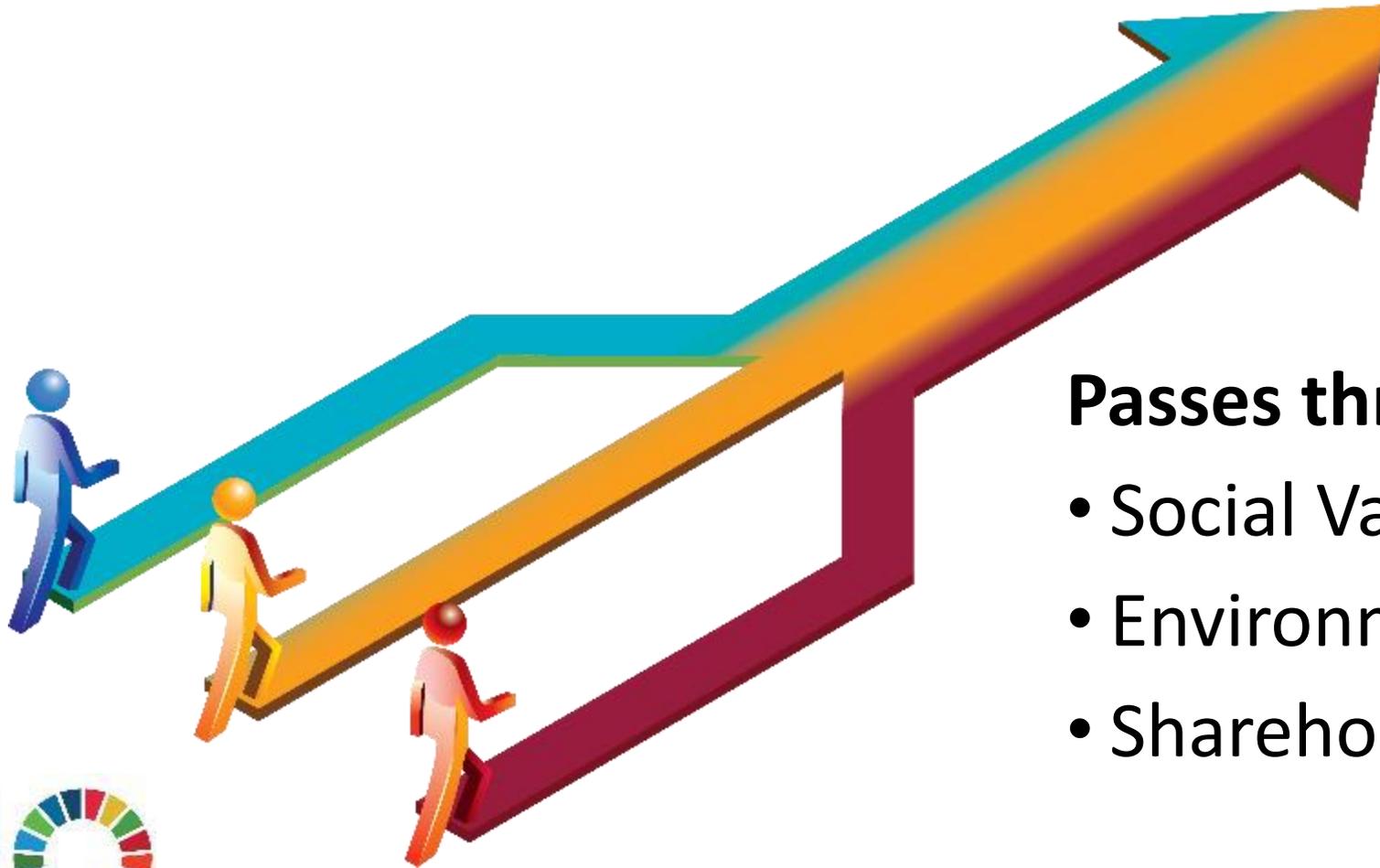


**SDGs & Sustainability are not a
detour or sideroad**

The Path to Profit has Shifted

SDGs & Sustainability
are not a
Zero Sum agenda

The Path to Profit



Passes through the Sustainability

- Social Value
- Environmental Stewardship
- Shareholder Value

There are no detours or sideroads

The Path to Profit

**Traditional
View**

**Business 2030
View**



Path to profit
is direct

Business is about value

Creating and preserving shareholder value

Focus on improving value creation efficiency



**Social
Environmental
Business**



Sustainability Value Optimization Strategy

Where to start

- Societal Needs?
- Environmental Needs?
- ***Far too often organizations only look outside to society and environment to plan CSR strategy and programs***
- Results
 - Positive external impacts on society and environment
 - Disconnect with core business value
 - Philanthropic/Charity focus
 - Weak internal business case
 - Marginalization of CSR team
 - Not sustainable



Looking
Outside



VALUE



Sustainability Value Optimization Strategy

What about

- Business Needs?
- ***What are your core business issues***
 - What keeps your CEO awake at night
 - What does your CFO worry about
 - What are your HR Challenges
 - What worries your CTO
 - Engineering, Operations, etc.



Business
Pain Points

Looking
Inside

Sustainability Value Optimization Strategy



Look
Outside

- Business issues & needs
- Societal issues & needs
- Environmental issues & needs

AND



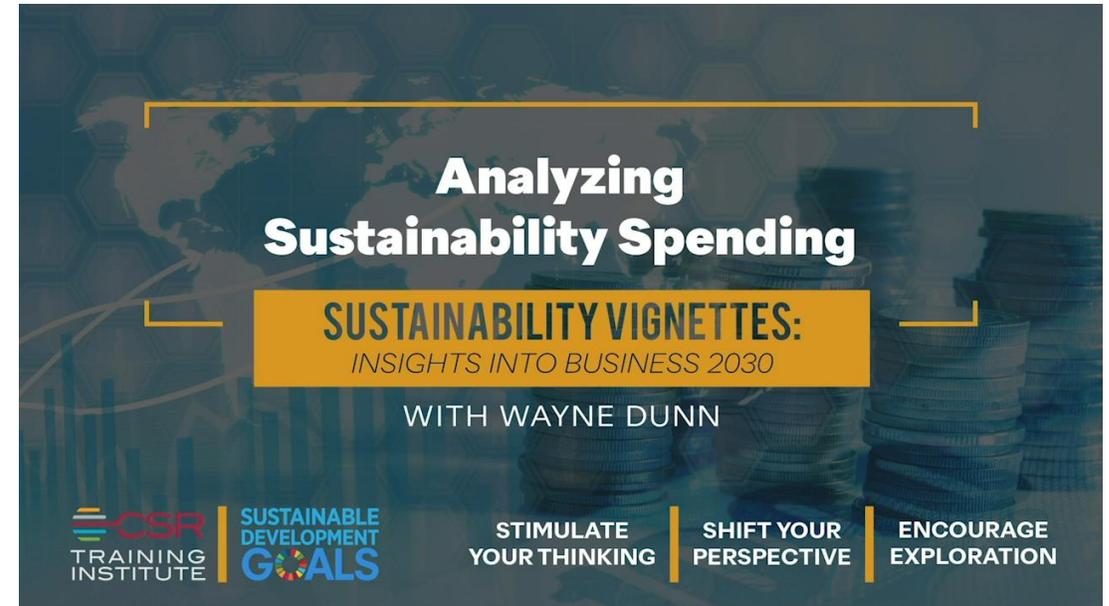
Look
Inside

Align

Innovate

Sustainability spending deserves scrutiny

- Sustainability budgets must deliver value, to society, environment and business
- Value to the business is critical
- Invest in creating value propositions that align social, environmental and business value



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The answers are within

- Don't invest in social value in isolation
- Don't just look outside for a social good you can contribute to
- That is zero-sum, transfers value from shareholder to society
- Look for opportunities where social good investment can and will drive business value
- Do well by doing good
- Value propositions that align social, environment and business value
- Sustainability should solve business problems and issues, not just external social issues

Sustainability & SDGs done right

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SDGs and Sustainability done right

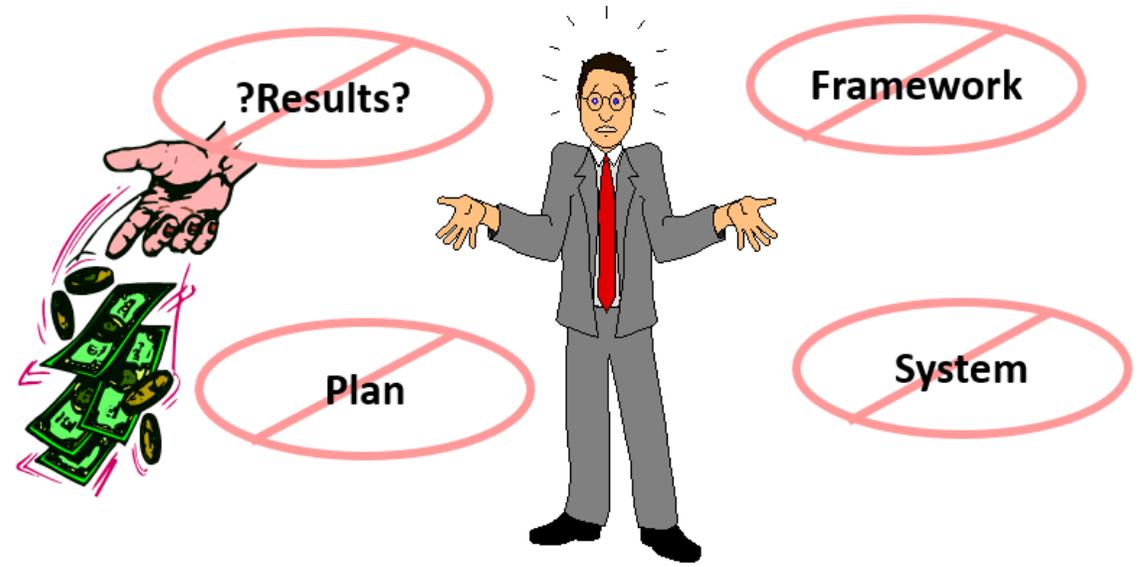
- Creates tangible value for ALL parts of a business
 - Value creation efficiency
 - Competitive advantage
 - Access to capital
 - Cost of capital
 - Attracting and retaining top talent
 - Enhancing teamwork and performance
 - Market opportunities
 - Regulatory relationships
 - Stakeholder engagement
- Leadership profile and networking opportunities

Impact ventures are emerging and thriving across all sectors.

- ✓ [Torex Gold](#), a Canadian gold mining firm operating in some of the most security-challenged areas of Mexico has invested heavily in creating sustainable livelihoods for local communities by working with government and local communities to support development of the local fisheries industry. This broadens the regional economy, provides livelihood opportunities to more families, helps address a myriad of security issues and provides fresh fish for local and Mexico City markets.
- ✓ [Baraka Shea Butter](#), has developed a branding strategy that emphasizes its authentic connection and meaningful impact on the communities where its products are made. It strategically utilizes this brand story to facilitate incremental value along the entire supply chain, from the remote African communities that produce its oils and butters through to the businesses and crafters that make products with it and on to the consumers who use those products. The value of social impact and sustainability is pulled along the supply chain, creating a strong brand and competitive advantage in a commodity space.
- ✓ [Plenty Inc](#), is a Silicon Valley based new-age agricultural enterprise. It is growing rapidly by delivering healthy and tasty produce to businesses and consumers while reducing water usage as well as transport and related carbon and environmental costs.
- ✓ [Guinness Ghana Breweries](#), has applied Impact Venture strategy to simultaneously increase its local procurement (and thus impact on Ghanaian agriculture and rural communities), reduce its foreign exchange risk and create a new product with a built-in marketing campaign. [Ruut Beer](#), is Ghana's first beer made with starch from locally grown Cassava.

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- Business optimization studies and planning?
- Sustainability optimization studies and planning?





**We talked
about**

- What happened
- What you can do about it
- How to modernize your value focus

Questions, Discussion, Follow-up

Contact

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Resources

- **Strategic CSR/SDG** Video Channel bit.ly/Strategic-CSR
- **Insights into Business 2030** Video Channel <http://bit.ly/Biz-2030>
- **Blog:** <http://bit.ly/Wayne-Blog>
- **LinkedIn Author Page** <http://bit.ly/Wayne-LinkedIn>
- **Business 2030 Newsletter:** <http://bit.ly/CSR-Sign-Up>
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