

BUILDING RESILIENCE INTO BUSINESS STRATEGY, MANAGEMENT AND REPORTING



COMPILED BY

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Version 1.0



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SETTING THE SCENE

How to lead in complicated times? That's the question all CEOs are seeking to answer at a time of prolonged and continuing uncertainty.

- PwC, 19th Annual Global CEO Survey (2016)

Business faces complex decisions every day. Today's CEOs face a business environment that's becoming increasingly complicated to read and adapt to. There is also an urgent need to find new avenues and additional opportunities to withstand, mitigate, and adapt to global risks and threats.

The global community increasingly expects business, as a key role player in society, to take the lead in responding to the global challenges and national development agendas. Transparency and trust have become central to success of business in the longer term, and engagement with stakeholders is taking on a new meaning. For example, beyond the traditional customer expectations of cost, convenience and functionality, there is a growing number of customers are seeking relationships with organisations that address wider stakeholder needs. Similarly, trends are evident that talent wants to work with organisations that share their social values, and investors increasingly seek ethical investments.

But where to next?

There is a saying - "Business cannot succeed in a society that fails" (the title of a speech by Odd S. Gullberg, Chief Operating Officer, World Business Council for Sustainable Development at the SETAC World Congress, United States (2004)). This effectively summarises the focus of our journey forwards. Our 'business as usual' of the future will not only focus on the well-being and success on an individual company basis, but also of the system within which it operates. As highlighted by the World Economic Forum below this is by no means a simple task, but one which must commence regardless.

Given the complexities of quickly evolving risks within a transformative environment, the pace of change is exceeding the ability of many organizations to develop the risk management and resilience leadership, expertise and processes to confidently adapt to the "new normal".

- World Economic Forum,
Resilience Insights (2016)

ABOUT THIS GUIDELINE

In this guideline we introduce you to the concept of resilience and its application in building a business that creates value through facilitating a resilient social and natural system. We highlight the importance of your organisations making use of resilience as the mechanism towards addressing sustainability and risk management in times of unprecedented global change.

The Guideline is divided into two components:

- 1) Embedding resilience:** In this section we define the concept of resilience from a systems thinking perspective and describe how through the application of resilience, a business would be able create opportunities which facilitate growth, to secure a business success in the light of global change.
- 2) Towards measuring and achieving resilience:** In this section we introduce seven resilience principles that assist in embedding a resilience approach in strategy, management and reporting. For each of these principles, interactive worksheets have been designed to determine the current state of an organisation in addressing each resilience principle. These worksheets and dashboard summary allow one to prioritise and plan future actions.

We hope that as these resilience principles are adopted, feedback is provided to enhance their definition, characteristics and indicators such that organisations are always being innovative in building adaptive capacity to global sustainability challenges and uncertainties. As such, application of this document is a starting point, from which we expect that characteristics of leading companies and indicators of best practice will evolve.

A glossary is provided at the end of the guideline to introduce you to terms with which you may not be familiar.





PART 1

EMBEDDING RESILIENCE

A resilience imperative

Globalisation and the way in which natural systems function, means that we exist within a truly interconnected world. Many of the grand challenges that confront business - challenges as diverse as climate change, the instability of markets, deterioration of natural resources, the availability of energy, and the impacts of poverty and conflict - are the result of this interdependent web of cause and effect that is transpiring at the global, national and local scale (**Figure 1**). Businesses are faced with new and emerging risks, and these impact the ability to create value.

With new and emerging risks on the horizon it is imperative as a leading business that you rather want to be resilient so that you are able to be adaptive and responsive to global change and emerging risks.

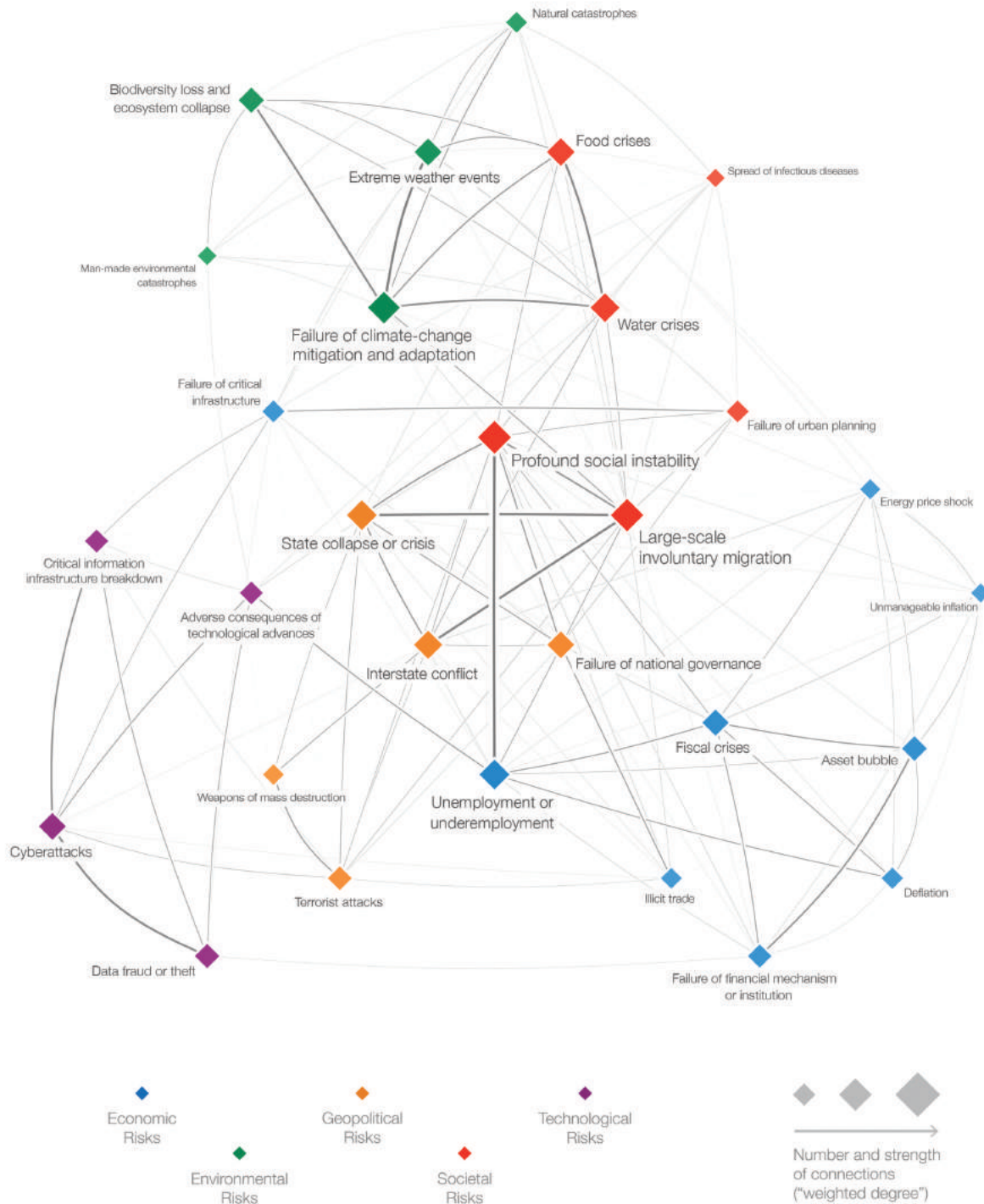
While the concept of resilience is not new, it is gaining traction with the likes of the World Economic Forum (WEF), World Business Council for Sustainable Development (WBCSD) and the International Union for Conservation of Nature (IUCN) highlighting the imperative for building resilience as a means to enable business and society to overcome global challenges.

Understanding resilience

Resilience is a concept that is now used in many disciplines. However, given its origins in ecology - which is a science studying the systematic interactions of organisms and their environment - resilience fundamentally refers to the ability of a system to continue to *maintain its function and structure in the event of a shock*. Resilience is thereby a characteristic of a system. Business and society form part of the interconnected systems of humans and the environment, referred to as social-ecological systems (**Figure 2**).

From our growing understanding of the interconnectedness of social and ecological variables and the complexity of these interactions, the concept of resilience has evolved to include the ability of a social-ecological system to *withstand, recover and reorganise in response to a shock*. In other words, it needs to have an adaptive capacity that will keep it from crossing critical thresholds. This adaptive capacity is dependent on the system having sufficient social and ecological resources, and a limited number of vulnerable relationships or feedback loops between them.

Figure 1: The Global Risk Interconnection Map 2016. Extracted from *The Global Risks Report 2016, 11th Edition*, World Economic Forum.



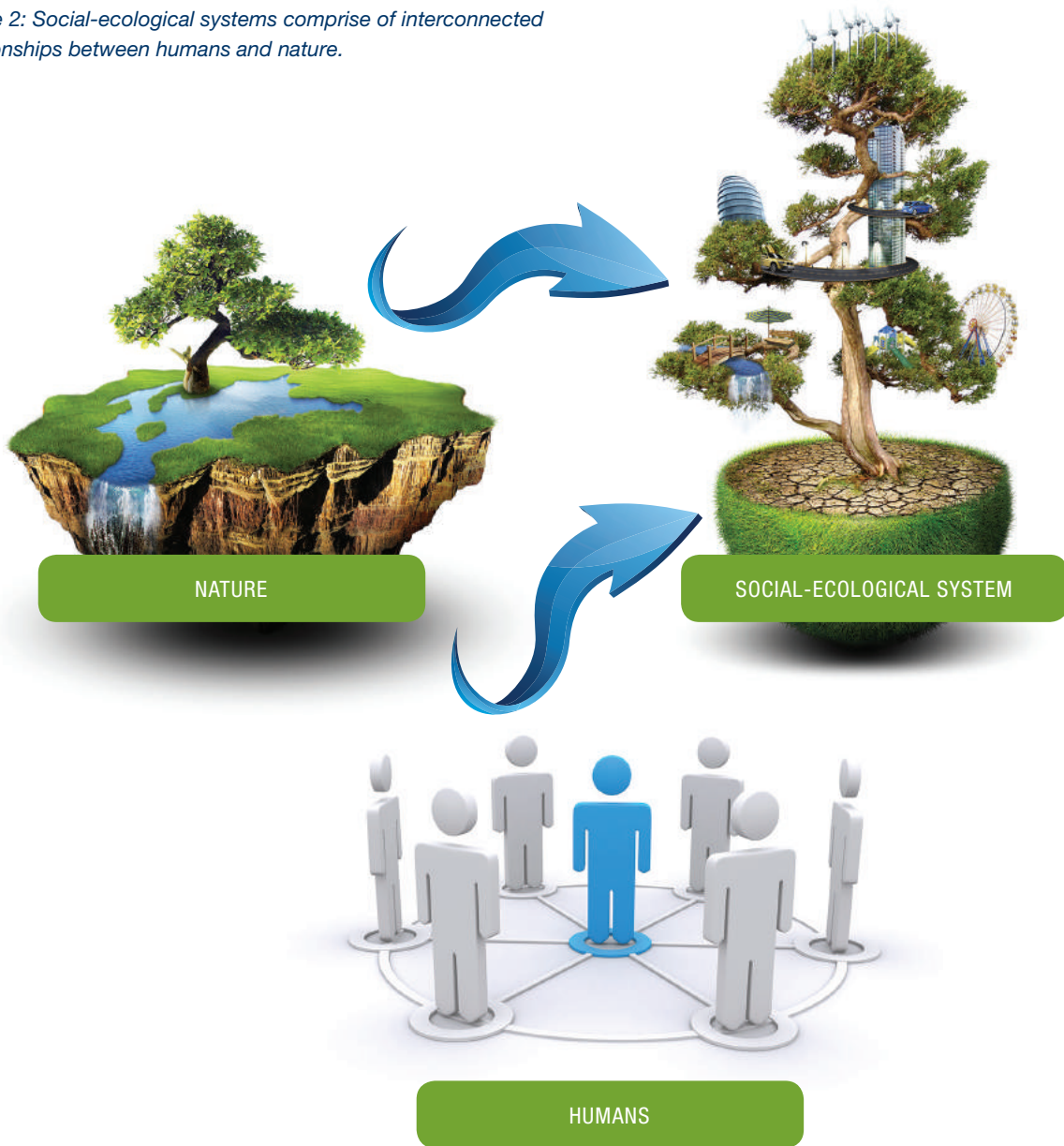
Systems resilience refers to the capacity of a system to maintain essential functions, identity, and structure, while also maintaining the capacity for adaptation; so that it can continue to support growth and development

Relevance of resilience

Ongoing management of social-ecological system resilience is critical for the resilience of a business, because the successful functioning of a business is inextricably linked to and dependent upon the resilience of the system within which it operates. Risks to a business arise directly from the ability of its social-ecological system to respond and adapt to change. The more a system's resilience is compromised through approaching critical social and ecological thresholds, the less able it is to support thriving businesses. The system may shift to a state that is no longer able to sustain value creation.

In short, embedding the management of resilience for its social-ecological system will ensure that a business is better able to continue operating and creating value in the short and long term; respond to opportunities arising from change; and anticipate, identify and adapt to emerging risks.

Figure 2: Social-ecological systems comprise of interconnected relationships between humans and nature.





PART 2

MEASURING AND ACHIEVING RESILIENCE

Principles for systems resilience

How does one embed a concept like resilience into a practical business context?

We have developed a set of principles, summarised in **Figure 3**. The theory of resilience and the goal of sustainable development form the foundations of these principles. Implementation of these principles assists to link resilience to business strategy, management and reporting; providing the opportunity to contribute to building and maintaining the resilience of a company's social-ecological systems.

Principle development

We developed these principles in a series of workshops with a multi-disciplinary team tasked with development, testing and refinement. The team comprised of specialists from a variety of disciplinary and research backgrounds namely: environmental anthropology; resource economics; risk management; sustainability science; strategic environmental management; ecology; business management, auditing and reporting; and pollution and waste.

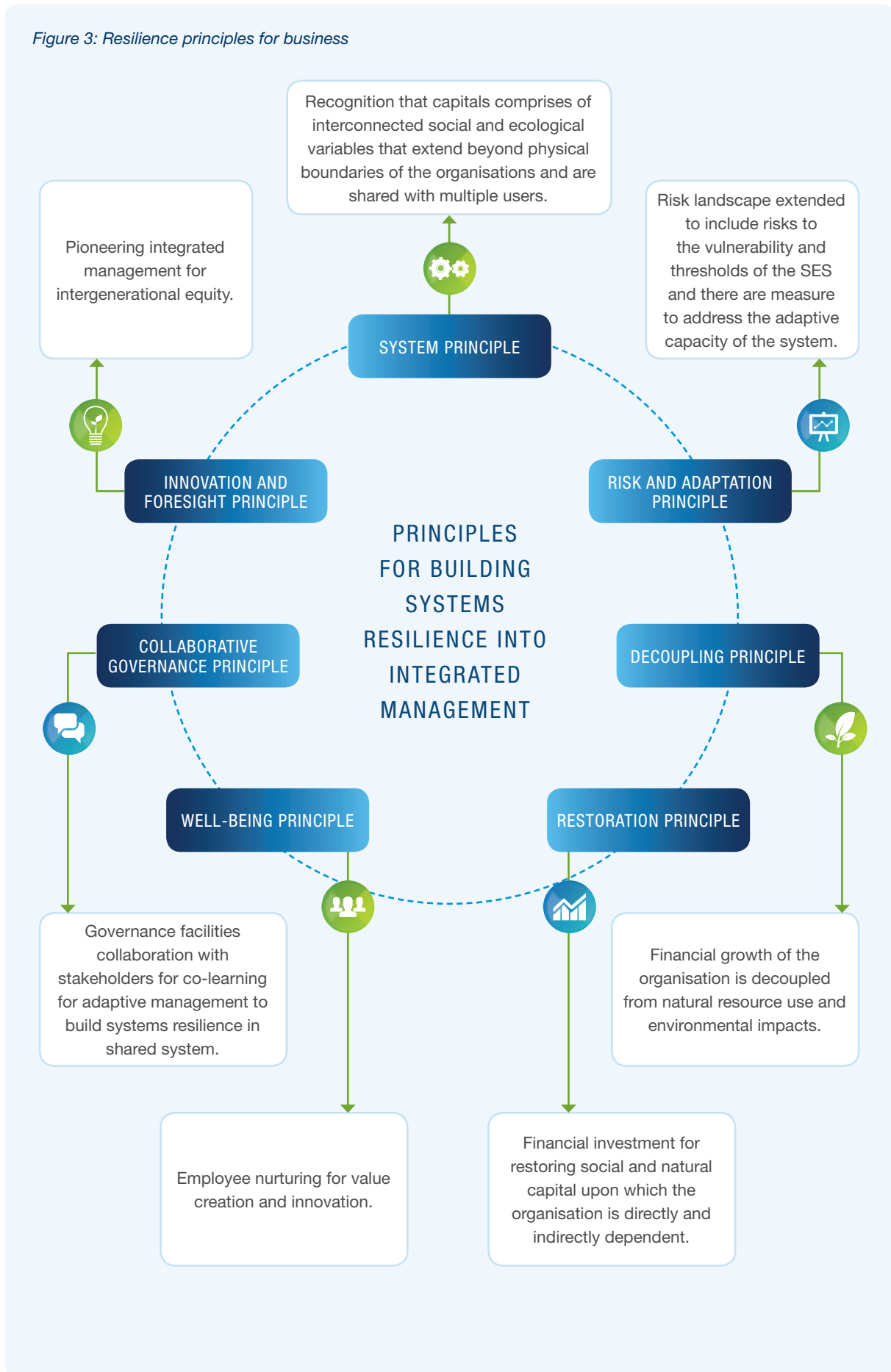
The first step in the principle development was a desktop analysis of relevant literature to identify documents that cited principles relating to business, sustainability and global challenges. The team were specifically looking to identify existing principles that are currently guiding global corporate sustainability; principles guiding and defining the development of the green economy; and principles

relating to complex adaptive systems and the concept of social ecological systems resilience. The following sets of principles were consulted:

- United Nations Global Compact: ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.
- Green Economy Coalition: Nine principles of a green economy.
- United Nations Global Compact-Accenture CEO Study on Sustainability 2013: Emerging themes to address sustainability in the light of global challenges.
- Stockholm Resilience Centre: Seven principles for resilient social-ecological systems.
- Bioregional Development Group: One planet living:
- New Economy Network: Principles for a new Economy 2012.
- International Chamber of Commerce: Ten conditions for a transition towards a "green economy".

The draft set of resilience principles were then taken through interviews with 10 companies from a range of different industry sectors, all of which are considered leaders in terms of integrated reporting. The results of these interviews assisted to refine and finalise the principles into those captured in this document.

Figure 3: Resilience principles for business



Journeying towards resilience: maturity toolkit

We recognise that embedding resilience into a business will take time. As a starting point, this section presents a series of worksheets for each principle. These allow you to assess the extent to which your business is currently addressing resilience. The worksheets expand on each principle, providing indicators that will enable you to define the state of your organisation as well as decide what future state you would like to achieve.

Note that if your organisation is in a basic state as per these worksheets, it means that you are already on the resilience journey. The process of self-assessment and of formulating a plan for progressing to the next state comprises a series of logical steps. This is described in **Figure 4**.

Figure 4: Building systems resilience into business' value creation





WORKSHEET 1: SYSTEMS PRINCIPLE

Systems Principle

Recognition that the organisation operates within a broader social-ecological system which they share with multiple users. As such, the organisation recognises that they have impacts (both direct and indirect) for which they are accountable beyond the physical boundaries of their organisation.

For each indicator, identify the state that best describes the current status of your organisation.

'Yes' or 'no' based in whether your organisation have evidence towards the description of the indicator.

If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

1) Accountability toward the social ecological system

BASIC STATE

The organisation shows accountability towards reducing its impact on the environment and contributing towards social responsibility as a compliance requirement; but these actions are not as a result of concern for the integrity of the system in which they exist.

EVOLVING STATE

The organisation shows accountability towards system integrity. The nature of this response tends to be a reaction to an identified need and not necessarily related to a program that implements the business strategy.

LEADING STATE

The organisation shows accountability towards system integrity. The nature of this is through proactive formalised programs that implement the business strategy and positively influence organisation performance. In addition the business culture and value proposition of the organisation embraces whole system thinking.

Yes:	No:	Yes:	No:	Yes:	No:
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Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

Systems Principle

Recognition that the organisation operates within a broader social-ecological system which they share with multiple users. As such, the organisation recognises that they have impacts (both direct and indirect) for which they are accountable beyond the physical boundaries of their organisation.

For each indicator, identify the state that best describes the current status of your organisation.

‘Yes’ or ‘no’ based in whether your organisation have evidence towards the description of the indicator.

If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

2) Value creation and relationship with capitals

BASIC STATE

Value creation is primarily defined as contributing towards growing the organisation’s financial capital.

EVOLVING STATE

Value creation is defined by the sum of capitals and their different values. However, the relationship between the organisation and the system in terms of these capitals is not well understood or unpacked. As such the organisation does not specifically acknowledge value creation as a mutually beneficial relationship between the organisation, society and the environment.

LEADING STATE

Value creation is defined by the sum of capital from the perspective that all capitals are well understood and interconnected within the system, and the organisation specifically aims to create value for themselves as well as for society and the environment.

Yes: No:

Yes: No:

Yes: No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

3) Sharing of social and ecological resources

BASIC STATE

The fact that the organisation shares social and ecological resources with other users in the system is not a priority in the organisation’s decision making and does thereby not influence its value creation process.

EVOLVING STATE

The organisation acknowledges the sharing of social and ecological resources within the system it exists. The organisation acknowledges the implication of resource sharing on its value creation process, however notes constraints preventing an effective collaboration with other users.

LEADING STATE

The sharing of resources with other users within the system is a key consideration in the value creation process of the organisation and is thereby considered in the business strategy with an effective response planned to address constraints and opportunities.

Yes: No:

Yes: No:

Yes: No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

Systems Principle
 Recognition that the organisation operates within a broader social-ecological system which they share with multiple users. As such, the organisation recognises that they have impacts (both direct and indirect) for which they are accountable beyond the physical boundaries of their organisation.

For each indicator, identify the state that best describes the current status of your organisation.
 'Yes' or 'no' based in whether your organisation have evidence towards the description of the indicator.
 If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

BASIC STATE	EVOLVING STATE	LEADING STATE
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Based on your evaluation of the indicators above determine the overall state which best represents the status at which your organisation is addressing the system principle.
 You need to be conservative in this regard. Your overall state for the principle is based upon the lowest state identified amongst the indicators.

<p>The organisation accepts that it is embedded in a system; but this is considered separate from matters such as business strategy, governance or general decision making (i.e. social and ecological components outside of the boundaries of the organisation are not included or considered relevant for the overall function or sustainability of the organisation).</p>	<p>The organisation acknowledges that it is embedded in a system such that its business strategy, governance and decision making integrates social and ecological components from outside the boundaries of the organisation but this is either not yet mature or there is an imbalance in this focus.</p>	<p>The organisation recognises in its business strategy, governance and decision making that it has a connected relationship with the system in which it exists, and inclusion of social and ecological components outside the boundaries of the organisation is mature, with a balanced focus.</p>
<p>Yes, this state currently represents my organisation</p>	<p>Yes, this state currently represents my organisation</p>	<p>Yes, this state currently represents my organisation</p>
<p>Plan for your organisation to transcend to the next state:</p>	<p>Plan for your organisation to transcend to the next state:</p>	<p>Plans for your organisation to stay in this state and further forward thinking to continue to embrace the systems principle:</p>



WORKSHEET 2: RISK AND ADAPTATION PRINCIPLE

Risk and adaptation principle

The organisation's risk landscape is extended to include risks to the vulnerability and thresholds of the social ecological system in which they exist. The organisation has efforts at building the adaptive capacity of the system in relation to social ecological system vulnerabilities in addition to immediate risks to the organisation.

For each indicator, identify the state that best describes the current status of your organisation.

'Yes' or 'no' based in whether your organisation have evidence towards the description of the indicator.

If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

1) Recognition of risks

BASIC STATE

The organisation's risk landscape is limited to immediate enterprise type risks to the business.

EVOLVING STATE

The organisation's risk landscape is inclusive of immediate enterprise risks to the business as well social and ecological risks to the system.

LEADING STATE

While the organisation's risk landscape includes immediate enterprise risks to the business, there is equal emphasis on systemic risks that have the ability to affect the vulnerability and threshold to the system in which the organisation exists.

Yes:

No:

Yes:

No:

Yes:

No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

Risk and adaptation principle
 The organisation's risk landscape is extended to include risks to the vulnerability and thresholds of the social ecological system in which they exist. The organisation has efforts at building the adaptive capacity of the system in relation to social ecological system vulnerabilities in addition to immediate risks to the organisation.

For each indicator, identify the state that best describes the current status of your organisation.
 'Yes' or 'no' based in whether your organisation have evidence towards the description of the indicator.
 If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

2) Risk mitigation and adaptive capacity

BASIC STATE		EVOLVING STATE		LEADING STATE	
Measures to address risk mitigation are focused on the organisation's response to its immediate enterprise associated risks.		Measures are in place to address the capacity of the organisation to adapt to social and ecological type risks that extend beyond that classified as an enterprise risk. However, no measures are in place to address the adaptive capacity of the system itself, and thereby to address system vulnerabilities giving rise to such risks.		The organisation applies innovative thinking towards building the adaptive capacity and the mitigation responses both of the organisation and of the social ecological system.	
Yes:	No:	Yes:	No:	Yes:	No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

BASIC STATE	EVOLVING STATE	LEADING STATE
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Based on your evaluation of the indicators above determine the overall state which best represents the status at which your organisation is addressing the risk and adaptation principle.
 You need to be conservative in this regard. Your overall state for the principle is based upon the lowest state identified amongst the indicators.

The organisation's risk landscape and approach to mitigate and adapt to risks is concentrated on those risks immediate to the business (i.e. those with direct impact, enterprise type risks).	The organisation's risk landscape and approach to mitigate and adapt to risks is inclusive of social and ecological risks to the broader system in which they exist, where they have the potential to directly and indirectly impact the business.	The organisation's risk landscape and approach to mitigate and adapt to risks is inclusive of social and ecological risks to the broader system in which they exist, regardless of a direct or indirect impact on the business but where they have a link to the organisation's strategy and values. The organisation mitigates risk not only for the business but also for vulnerabilities to social and ecological components of the system.
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Yes, this state currently represents my organisation	Yes, this state currently represents my organisation	Yes, this state currently represents my organisation
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Plan for your organisation to transcend to the next state:	Plan for your organisation to transcend to the next state:	Plans for your organisation to stay in this state and further forward thinking to continue to embrace the risk and adaptation principle:
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WORKSHEET 3: DECOUPLING PRINCIPLE

Decoupling principle

Financial growth of the organisation is decoupled from natural resource use and environmental impacts.

For each indicator, identify the state that best describes the current status of your organisation.

'Yes' or 'no' based in whether your organisation have evidence towards the description of the indicator.

If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

1) Resource use and environmental impacts

BASIC STATE

The organisation monitors its resource inputs (e.g. energy and water) and environmental impacts (e.g. CO₂ emissions, air pollution, water pollution, waste); although the primary focus is on complying with legal requirements, rather than achieving absolute reductions.

EVOLVING STATE

The organisation is achieving resource efficiency or eco-efficiency; that is, it is improving in terms of resource use and environmental impact relative to production or to the size and of the organisation, year-on-year. For example, it is achieving reductions in input use and environmental impact per unit of production, per Rand turnover or profit, or against numbers of full time employees.

LEADING STATE

The organisation is achieving absolute decoupling. In other words, it is reducing its resource use and environmental impact in absolute terms, year on year.

Yes:

No:

Yes:

No:

Yes:

No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

Decoupling principle
Financial growth of the organisation is decoupled from natural resource use and environmental impacts.

For each indicator, identify the state that best describes the current status of your organisation.
‘Yes’ or ‘no’ based in whether your organisation have evidence towards the description of the indicator.
If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

2) Life cycle impacts and extended producer responsibility

BASIC STATE	EVOLVING STATE	LEADING STATE
The organisation provides information to its consumers regarding appropriate options for recycling and/or safe disposal of their products; but otherwise takes no responsibility for the impacts of products once they have reached the consumer.	The organisation takes responsibility for the impacts of products throughout their value chain, up until disposal at the end of their useful life (i.e. a cradle-to-grave approach).	The organisation goes beyond taking responsibility for the impacts of products until the end of their useful life (cradle-to-grave); e.g. by considering possibilities for “up-cycling” as part of a circular economy or cradle-to-cradle approach.

Yes:	No:	Yes:	No:	Yes:	No:
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Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

BASIC STATE	EVOLVING STATE	LEADING STATE
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Based on your evaluation of the indicators above determine the overall state which best represents the status at which your organisation is addressing the decoupling principle.
You need to be conservative in this regard. Your overall state for the principle is based upon the lowest state identified amongst the indicators.

The organisation monitors its resource input and output impacts to so as to address legal requirement and they take no actual responsibility towards the impact of their products or services once they have reached the consumer.	Through resource efficiency measures the organisations reduces its resource input and output impacts in relative terms, and take a cradle to grave approach towards reducing the impact of their products and service throughout their value chain.	The organisation is reducing their resource input and output impacts in absolute terms and is embracing upcycling as a cradle to cradle approach for reducing the impacts of products and services.
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Yes, this state currently represents my organisation	Yes, this state currently represents my organisation	Yes, this state currently represents my organisation
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Plan for your organisation to transcend to the next state:	Plan for your organisation to transcend to the next state:	Plans for your organisation to stay in this state and further forward thinking to continue to embrace the decoupling principle:
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WORKSHEET 4: WELL-BEING PRINCIPLE

Well-being principle

There is an understanding that the well-being of employees and of the system as a whole is integral to the value creation of the organisation. As such the organisation creates opportunities for people to develop their capabilities and to attain a higher quality of life.

For each indicator, identify the state that best describes the current status of your organisation.

'Yes' or 'no' based in whether your organisation have evidence towards the description of the indicator.

If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

1) Health and safety

BASIC STATE

The organisation provides basic health and safety programmes in order to comply with legislation and/or standard practice.

EVOLVING STATE

The organisation provides health and safety programmes and has a formal well-being programme that focuses on the well-being of all employees.

LEADING STATE

The organisation provides health and safety programmes and has a formal well-being programme that seeks innovative ways of actively addressing not only employee well-being; but also the well-being of employees' families and communities.

Yes:

No:

Yes:

No:

Yes:

No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

Well-being principle

There is an understanding that the well-being of employees and of the system as a whole is integral to the value creation of the organisation. As such the organisation creates opportunities for people to develop their capabilities and to attain a higher quality of life.

For each indicator, identify the state that best describes the current status of your organisation.

'Yes' or 'no' based in whether your organisation have evidence towards the description of the indicator.

If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

2) Employee satisfaction

BASIC STATE		EVOLVING STATE		LEADING STATE	
The organisation does not measure or respond to employee satisfaction results.		The organisation takes measures to address employee satisfaction. These measures are isolated and do not form part of what the organisation define as value creation.		The organisation takes measures to address employee satisfaction. The measures implemented are a fundamental component of what the organisation defines as value creation. Measures enable employees to contribute to improving the local context, such as community well-being.	

Yes:	No:	Yes:	No:	Yes:	No:
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Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

3) Income disparities

BASIC STATE		EVOLVING STATE		LEADING STATE	
Income disparities between top and low level staff are not monitored.		The organisation recognises the need to addresses unfair income disparities between top and low level employees, but there are limited changes observed.		The organisation is actively addressing unfair income disparities between top and lower level employees, and changes are successfully implemented over time.	

Yes:	No:	Yes:	No:	Yes:	No:
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Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

Well-being principle

There is an understanding that the well-being of employees and of the system as a whole is integral to the value creation of the organisation. As such the organisation creates opportunities for people to develop their capabilities and to attain a higher quality of life.

For each indicator, identify the state that best describes the current status of your organisation.

‘Yes’ or ‘no’ based in whether your organisation have evidence towards the description of the indicator.

If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

BASIC STATE		EVOLVING STATE		LEADING STATE	
<p>Based on your evaluation of the indicators above determine the overall state which best represents the status at which your organisation is addressing the well-being principle.</p> <p>You need to be conservative in this regard. Your overall state for the principle is based upon the lowest state identified amongst the indicators.</p>					
The organisation complies with legislation with regards to meeting health, safety and well-being needs for their employees.		The organisation has formalised health, safety and well-being programmes and measure/respond to employee satisfaction results, to the benefit of employees.		Employee health, safety and well-being is embedded in the ethics, morals and values of the organisation. In addition, they are innovative in driving employee satisfaction in such a way that their programmes not only benefit employees but also have local, national and global benefits.	
Yes, this state currently represents my organisation		Yes, this state currently represents my organisation		Yes, this state currently represents my organisation	
Plan for your organisation to transcend to the next state:		Plan for your organisation to transcend to the next state:		Plans for your organisation to stay in this state and further forward thinking to continue to embrace the well-being principle:	



WORKSHEET 5: RESTORATION PRINCIPLE

Restoration principle

There is financial investment allocated towards restoring the social and natural capital upon which the organisation relies, with a focus on building the resilience of the underlying system.

For each indicator, identify the state that best describes the current status of your organisation.

'Yes' or 'no' based in whether your organisation have evidence towards the description of the indicator.

If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

1) Scope of investment in natural and social capital

BASIC STATE

The organisation has limited investment in natural and social capital, if any.

EVOLVING STATE

The organisation invests in restoring natural and social capital; this investment focuses on repairing environmental damage or employee/community relations caused as a direct result of the operations of the organisation (a reactive response). For example, investment in natural capital is limited to restoring damage resulting from the organisations' own operations.

LEADING STATE

The organisation invests in restoring the social-ecological system within which it operates, with a focus on building both social and natural capital. For example, investment in natural capital is not limited to restoring damage resulting from the organisations' own operations, but also provides for initiatives that extend beyond the boundaries and operations of the organisation and that benefit natural capital within the system more broadly.

Yes:

No:

Yes:

No:

Yes:

No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

Restoration principle

There is financial investment allocated towards restoring the social and natural capital upon which the organisation relies, with a focus on building the resilience of the underlying system.

For each indicator, identify the state that best describes the current status of your organisation.

'Yes' or 'no' based in whether your organisation have evidence towards the description of the indicator.

If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

2) Motivation for investment in natural and social capital

BASIC STATE

There is limited investment in natural and/or social capital, if any. Where such investment does occur, it is mainly motivated by a concern with meeting regulatory requirements.

EVOLVING STATE

Investment in natural and/or social capital; for example through Corporate Social Investment (CSI) or Local Economic Development (LED) projects; is motivated primarily by a concern with building the organisation's reputation and protecting market share.

LEADING STATE

Investment in natural and/or social capital is a key component of the organisation's business strategy. The organisation has measures in place that account for the benefits/impacts to society; and activities are integrated into the value creation process of the organisation. In fact the benefit created for society and the environment as a result of the investment is a measure of the value created by the organisation.

Yes:

No:

Yes:

No:

Yes:

No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

3) Partnerships for restoration

BASIC STATE

No restoration activities are conducted, unless in compliance with a directive or legal commitment.

EVOLVING STATE

Restoration activities are initiated by the organisation voluntarily, but are usually completed in isolation from other partners and networks.

LEADING STATE

Restoration activities are initiated by the organisation voluntarily, and are usually done in collaboration with partners and networks (with government, NGOs, etc.). They are aimed at building skills, systems, value chains, and livelihoods.

Yes:

No:

Yes:

No:

Yes:

No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

Restoration principle		
There is financial investment allocated towards restoring the social and natural capital upon which the organisation relies, with a focus on building the resilience of the underlying system.		
<p>For each indicator, identify the state that best describes the current status of your organisation. 'Yes' or 'no' based in whether your organisation have evidence towards the description of the indicator. If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.</p>		
BASIC STATE	EVOLVING STATE	LEADING STATE
<p>Based on your evaluation of the indicators above determine the overall state which best represents the status at which your organisation is addressing the restoration principle. You need to be conservative in this regard. Your overall state for the principle is based upon the lowest state identified amongst the indicators.</p>		
The organisation provides for limited investment in restoring natural or social capital. Such investment is primarily motivated by regulatory requirements and is not linked to the business strategy of the organisation.	The organisation invests in restoring natural and social capital, with the purpose of repairing damage caused directly as a result of the business, and motivated primarily by a concern with reputation and market share.	The organisation invests in restoring natural and social capital beyond its immediate boundaries, with the aim of building the resilience of the social ecological system.
Yes, this state currently represents my organisation	Yes, this state currently represents my organisation	Yes, this state currently represents my organisation
Plan for your organisation to transcend to the next state:	Plan for your organisation to transcend to the next state:	Plans for your organisation to stay in this state and further forward thinking to continue to embrace the restoration principle:



WORKSHEET 6: COLLABORATIVE GOVERNANCE PRINCIPLE

Collaborative governance principle

Organisational governance facilitates collaboration with stakeholders for co-learning and knowledge generation towards adaptive management.

For each indicator, identify the state that best describes the current status of your organisation.

'Yes' or 'no' based in whether your organisation have evidence towards the description of the indicator.

If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

1) Visionary governance and leadership

BASIC STATE

The organisation's leadership does not aspire or incorporate new ideas around governance and shared learning, and in fact sees no need to.

EVOLVING STATE

The organisations leadership seeks to address new ideas around governance and shared learning but it is still bound by traditional corporate governance parameters.

LEADING STATE

Evidence that the organisation's leadership is visionary and aspiring in their approach to governance and shared learning.

Yes:

No:

Yes:

No:

Yes:

No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

Collaborative governance principle
 Organisational governance facilitates collaboration with stakeholders for co-learning and knowledge generation towards adaptive management.

For each indicator, identify the state that best describes the current status of your organisation.
 ‘Yes’ or ‘no’ based in whether your organisation have evidence towards the description of the indicator.
 If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

2) Governance structure

BASIC STATE		EVOLVING STATE		LEADING STATE	
Governance in the organisation operates as a ‘top down’ structure: decisions are filtered down from the board and executive level and actioned by line and support staff, with limited upward feedback opportunities present.		Governance in the organisation operates as a combined ‘top down’ and ‘bottom up’ structure: there is evidence that decision making is informed by data and feedback from all levels in the organisation.		Governance in the organisation reflects a culture of integrated thinking: the business strategy facilitates information sharing from all levels in the organisation, and there is accountability and transparency in decision making.	
Yes:	No:	Yes:	No:	Yes:	No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

3) Learning

BASIC STATE		EVOLVING STATE		LEADING STATE	
The organisation learns largely from observing the behaviour and outcomes of other organisations and adapts using best practice and benchmarks available to them.		The organisation encourages a culture of learning and adapts to feedback from a broad range of sources including external stakeholders.		The organisation encourages a culture of learning and adapts to feedback from a very broad range of sources, including its own research. It also maintains formal knowledge sharing platforms with external stakeholders.	
Yes:	No:	Yes:	No:	Yes:	No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

Collaborative governance principle

Organisational governance facilitates collaboration with stakeholders for co-learning and knowledge generation towards adaptive management.

For each indicator, identify the state that best describes the current status of your organisation.

'Yes' or 'no' based in whether your organisation have evidence towards the description of the indicator.

If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

2) Stakeholders and decision making

BASIC STATE

The organisation does not show evidence of being responsive to the needs and concerns of stakeholders.

EVOLVING STATE

Stakeholder issues and concerns are taken into account in the organisation's decision making; although stakeholders do not have an active influence on leadership and governance of the organisation.

LEADING STATE

Stakeholder issues and concerns are taken into account in the organisation's decision making; and there is evidence that stakeholders have an active influence on leadership and governance of the organisation.

Yes: No:

Yes: No:

Yes: No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

BASIC STATE

EVOLVING STATE

LEADING STATE

Based on your evaluation of the indicators above determine the overall state which best represents the status at which your organisation is addressing the collaborative governance principle.

You need to be conservative in this regard. Your overall state for the principle is based upon the lowest state identified amongst the indicators.

The organisation learns largely from observing the behaviour and outcomes of other organisations. Governance processes are structured as 'top-down', and there is little evidence of responsiveness to the needs and concerns of stakeholders.

The organisation's culture of learning includes feedback from key external sources. Governance processes are structured as a combination of 'top-down' and 'bottom up', and stakeholder needs and concerns influence the business to a small extent.

The organisation's culture of learning includes feedback from a wide variety of external sources, as well as from internal research. Governance processes are structured as a combination of 'top-down' and 'bottom up' and there is accountability for decision making. Stakeholder needs and concerns influence the business to a large extent.

Yes, this state currently represents my organisation

Yes, this state currently represents my organisation

Yes, this state currently represents my organisation

Plan for your organisation to transcend to the next state:

Plan for your organisation to transcend to the next state:

Plans for your organisation to stay in this state and further forward thinking to continue to embrace the collaborative governance principle:



WORKSHEET 7: INNOVATION AND FORESIGHT PRINCIPLE

Innovation and foresight principle

Pioneering integrated management for intergenerational equity.

For each indicator, identify the state that best describes the current status of your organisation.

'Yes' or 'no' based in whether your organisation have evidence towards the description of the indicator.

If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

1) Planning horizon for strategy and operations

BASIC STATE

Business planning is primarily focused on the short term (2-5 year) profitability of the business.

EVOLVING STATE

Business planning is primarily focused on the medium term (5-20 year) viability of the organisation.

LEADING STATE

In acknowledgement of its interdependence with the health and resilience of the system over time, business planning is preferentially focused on the long term viability of the organisation (20 years and into the long term future).

Yes:

No:

Yes:

No:

Yes:

No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

2) Thought leadership and innovation for sustainability

BASIC STATE

The organisation has no provisions in place for R&D that addresses sustainability issues because these issues are not specifically addressed in business planning.

EVOLVING STATE

The organisation has provisions in place for R&D that supports innovation which focuses on reducing impacts of the business and increasing robustness of the organisation.

LEADING STATE

The organisation has provisions for R&D and innovation directed towards achieving long term business goals, within the boundaries and capacity of the system, and focusing on strengthening its resilience.

Yes:

No:

Yes:

No:

Yes:

No:

Innovation and foresight principle

Pioneering integrated management for intergenerational equity.

For each indicator, identify the state that best describes the current status of your organisation.

'Yes' or 'no' based in whether your organisation have evidence towards the description of the indicator.

If no, then your current state for the indicator would be the previous state where you highlighted yes with evidence.

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

3) Organisational culture and innovation

BASIC STATE

There is no formal support or encouragement of employees to engage in innovation.

EVOLVING STATE

A culture of innovation is established. Employees are rewarded for innovation when they improve organisational success.

LEADING STATE

A culture of innovation is established. Employees are rewarded for innovation that contributes to the success of the organisation and resilience / well-being of the broader system in which it operates.

Yes:

No:

Yes:

No:

Yes:

No:

Explanation as to why your organisation is in the identified state:

Challenges/barriers that your organisation faces towards moving towards the leading state:

BASIC STATE

EVOLVING STATE

LEADING STATE

Based on your evaluation of the indicators above determine the overall state which best represents the status at which your organisation is addressing the foresight and innovation principle.

You need to be conservative in this regard. Your overall state for the principle is based upon the lowest state identified amongst the indicators.

The organisation primarily functions on a short term planning horizon. A culture of innovation is not yet supported and there is no evidence of R&D focused on innovation for sustainability as yet.

The organisation focuses planning on the medium term and initiates R&D programmes to support sustainability and innovation that directly addresses the needs of the business.

The organisation focuses on strategic and business planning for the long term, conducting R&D and applying innovation to enhance the long term viability of the system that supports its operation, whether directly or indirectly.

Yes, this state currently represents my organisation

Yes, this state currently represents my organisation

Yes, this state currently represents my organisation

Plan for your organisation to transcend to the next state:

Plan for your organisation to transcend to the next state:

Plans for your organisation to stay in this state and further forward thinking to continue to embrace the innovative and foresight principle:

NEXT STEPS...

The worksheets in this document have helped you to develop an understanding both in terms of where your organisation stands currently, but also what kind of future is envisioned.

This section provides a place to summarise and prioritise the actions arising as a result of the maturity review.

Principle	Current state (as per this analysis)	Desired state (Future goal)	Current challenges	Action plan (activity, accountable person and timeframe, required funding estimate)	Priority ranking
Systems principle	● Basic ● Evolving ● Leading	● Basic ● Evolving ● Leading			
Risk and adaptation principle	● Basic ● Evolving ● Leading	● Basic ● Evolving ● Leading			
Decoupling principle	● Basic ● Evolving ● Leading	● Basic ● Evolving ● Leading			
Wellbeing principle	● Basic ● Evolving ● Leading	● Basic ● Evolving ● Leading			
Restoration principle	● Basic ● Evolving ● Leading	● Basic ● Evolving ● Leading			
Collaborative governance principle	● Basic ● Evolving ● Leading	● Basic ● Evolving ● Leading			
Innovation and foresight principle	● Basic ● Evolving ● Leading	● Basic ● Evolving ● Leading			

CALL TO ACTION!

We acknowledge that this project is the beginning of a longer process to contributing to embed resilience into business practice, and as such recognise that this assessment is not static and should be revisited periodically. Further refinement of this maturity tool and its accompanying action plan will involve feedback from companies that apply the tool in practice. We encourage your feedback on this document in order to enhance the guidance on the principles and maturity assessment. We particularly request your thoughts on how best to tailor the final section of the document, which aims to take the output of the maturity tool and provide users with a relevant and succinct way in which to take further action.

GLOSSARY

- **Absolute decoupling** refers to a situation in which resource impacts decline.
- From an ethics and governance perspective **accountability** is the acknowledgement and action towards being responsible for products, decisions, and policies and encompassing the obligation to report, explain and be answerable for resulting consequences.
- The ability of a system to adapt and still maintain its function and structure is dependent on the **adaptive capacity** of the system. It's capacity to be adaptive is dependent on the relationship and vulnerabilities that exist between the social and ecological elements that define the system.
- A **business strategy** provides a means by which to a business sets out to achieve its desired objectives and initiatives based on considerations of resources and an assessment of the internal and external environment in which the business compete.
- **Capitals** are stocks of value that are increased or decreased or transformed through the activities and outputs of the organisation. Capitals comprise of financial, manufactured, intellectual, human, social and relationship, and natural.
- **Corporate social investment (CSI)** refers to contributions (either monetary, employee time and resources, or gifts in kind) which bring benefits over and above those directly associated with core business activities.
- **Decoupling** refers to economic growth without apparent increase in environmental costs or demands.
- **Innovation** can be viewed as the application of better solutions that meet new requirements, in articulated needs, or existing market needs. This is accomplished through more effective products, processes, services, technologies, or ideas that are readily available to markets, governments and society. The term innovation can be defined as something original and more effective and, as a consequence, new, that “breaks into” the market or society.
- **Relative decoupling** refers to the ecological intensity per unit of economic output.
- **Research and development** involves investigative activities that a business chooses to conduct with the intention of making a discovery that can either lead to the development of new products or procedures, or to improvement of existing products or procedures. Research and development is one of the means by which business can experience future growth by developing new products or processes to improve and expand their operations.
- A **risk landscape** is the physical and temporal context in which an organisation address risk.
- Through **risk mitigation** an organisation determines specific measures to minimise or eliminate unacceptable risks associated with their operations. Such measures can be directed towards reducing the severity of risk consequences, reducing the probability of the risk materialising, or reducing the organisations exposure to the risk.
- **Resilience** is the ability of a system to absorb, withstand, recover and reorganise itself from a disturbance whilst continuing to function in essentially the same way.
- Businesses are interlinked systems of humans and nature driven and dominated by the manner in which they respond to and intact with each other. This interlinked system is referred to as a **social ecological system**. We all live and operate within social systems that are inextricably linked with the ecological systems in which they are embedded, we exist within social ecological systems.
- A **system** is a set of variables working together as part of an interconnected network.
- **Systems thinking** is a holistic approach concerned about understanding how a system works by examining the linkages and interactions between the components of the entirety of a defined system over time and space.
- Social ecological systems have **system thresholds** or “tipping points” at which the point where a disturbance significantly affects the functional dynamics/function/structure of a system to the point that it significantly changes the functionality and/or structure of the system.

WANT TO LEARN MORE?

For further information, questions or other resources that this project has developed please contact:

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