






# An introduction to Q5's approach to **sustainability transformation**



*The art and science of organisational health*

Thanks for taking the time to look through our “Short Read” point of view on Sustainable Transformation.

## IN THE NEXT FEW SLIDES YOU WILL:

-  Learn what we mean by Sustainability
-  At a high level, understand our framework for evaluating where an organisation is on their journey and where they should focus first
-  Understand our broader approach to transformational change in this space
-  Review our capabilities
-  Understand more broadly, who Q5 is

We do hope you find this information helpful and stimulating. We'd love to talk to you on the topic and share more details.

Please do get directly in touch with us!



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# What is sustainability transformation?





# Sustainability for businesses is about balance – between financial, environmental and social value



At Q5, when we consider Sustainability, we equally consider the Environmental, Social, Governance and financial goals any organisation needs to balance. We use the UN's framework to consider and evaluate these.



## UNDERSTANDING AN ORGANISATION'S IMPACT ON THE GLOBAL ECOSYSTEM

- Waste & pollution
- Greenhouse gas emissions
- Resource use
- Biodiversity
- Recycling
- Circularity

## ENSURING THE CORRECT RESPONSIBILITIES, DECISIONS AND RIGHTS ARE IN PLACE

- Corporate governance
- Remuneration
- Corruption
- Tax strategy
- TCFD
- TCND

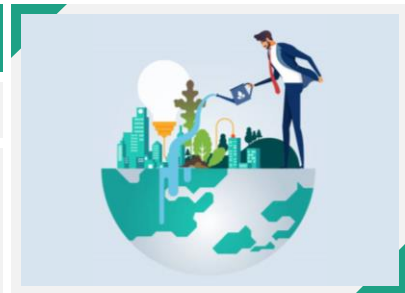
## ASSESSING THE WAY AN ORGANISATION TREATS AND VALUES PEOPLE

- Diversity
- Inclusion
- Anti-discrimination
- Employee relations
- Working conditions
- Equal rights & fair representation
- Health & Safety
- Local communities

## THE MEANING OF SUSTAINABILITY IN A BUSINESS CONTEXT HAS CHANGED:

**Sustainability is not** – just a CSR initiative or carbon reduction strategy

**Sustainability is** – about an organisation's ability to **successfully balance social and environmental performance, alongside financial performance** – it is about **creating value for all stakeholders**, not just shareholders to ensure long term viability. Sustainability is something that needs to be understood as a journey, it touches all parts of the organisation, needs to be owned by everyone and should be a fundamental part of the strategy.



# Sustainable organisations are inherently different



Our research on organisational evolution identified 5 increasingly critical traits that would enable **organisations to survive and thrive**. In today's world that has been disrupted far beyond what many would have foreseen, **the scale and pace of change is unprecedented** and sustainability is **driving much of this change**. Organisations that are best positioned for the next 10 years, which will be dominated by sustainability disruption, will be those that take action across all these areas.

## PURPOSE

A purpose that **articulates an organisation's unique role in the world**, the **positive impact** it has and that can align the whole organisation is more critical than ever. In a world that will be dominated by disruption, increased activism, more distributed and remote employees, a **truly embedded** and resonant purpose that **goes beyond profit** is critical.



## ECOSYSTEMS

To respond to the pace of change and enormous challenges ahead, organisations will increasingly have to **collaborate in new ways with** competitors, suppliers and partners. **Transformation will need to happen at the ecosystem level** in order to achieve the necessary sustainability goals and we will see businesses obliged to have **more accountability for** their supply chains.



## LEADERSHIP

Leading more purposeful, empowered, networked and adaptable organisations takes a **different kind of leader**. Our 'Connective Leaders' framework identifies the key capabilities leaders of the future will require – leaders that are **purpose-led, catalysts (for change) and connectors** – identifying opportunities to connect and collaborate, bringing people together inside and outside the organisation and supporting them to achieve outstanding results. Importantly, leaders must **role model the sustainable mindset** needed across the organisation and be held to account for progress.



## ADAPTABILITY

To truly become sustainable, organisations will need to **transform at a scale and pace** never before seen. Creating space for innovation – to try, fail and iterate rapidly will be crucial. **Business and organisational models** will need to **constantly evolve** to meet the changing demands on the organisation.



PEARL

## REAL EMPOWERMENT

Sustainability is a means to both **engage and empower employees**, leveraging their passion and creativity to drive change. It is also something that needs **shared accountability** from all employees, top to bottom. Organisations that have been, and will continue to be, successful will **treat their employees as valued stakeholders**, will treat talent as a **resource scarcer than capital** and will foster a culture of **empowerment and trust**.

# All organisations are on a “sustainability maturity” journey

## ORGANISATIONS CAN RESPOND TO PRESSURES OF THE SUSTAINABILITY DISRUPTION REACTIVELY, OR PROACTIVELY...

The current focus for many organisations is to **move from non-compliance to compliance** - identifying risks, disclosing their impact and setting targets to mitigate these. This is driven by pending legislation combined with increased investor, consumer and employee activism.

However, achieving these targets will require organisations to go further - beyond compliance to **integrate sustainability** in everything they do and ultimately into their very **purpose**.

The ‘winners’ that survive the next 10 years will need to treat sustainability as a threat **AND** an opportunity – by **using it to go further to drive innovation and competitive advantage**. As we race towards best practice, just doing what the rest of the industry does will not differentiate or provide advantage. Organisations that thrive will be those that **transform, not just tweak**, their organisations.



WHERE WOULD YOU PLACE YOUR ORGANIZATION ON THIS SCALE?

# Pitfalls for sustainability transformation are similar to that of any transformation

£1.4 Trillion

Estimated spending needed to meet net zero in the UK alone<sup>1</sup>

76%

The % of businesses for which this will be a top 2 priority by 2025<sup>2</sup>



## No clear long-term vision and lack of leadership

A lack of a clear transformation strategy and limited CEO sponsorship inhibits the enterprise wide change required, particularly when trades offs need to be managed between short term profits and long term performance.



## Unprepared organisational culture

A culture which is resistant to change impedes sustainability transformation and will inherently struggle in today's rapidly evolving business climate. Culture change requires sustained commitment and multiple levers to empower employees.



## Lack of collaboration

Tackling sustainability challenges requires a cross-organisation, cross-industry and cross-community collaboration which goes against the traditionally siloed, competitive nature of organisations.



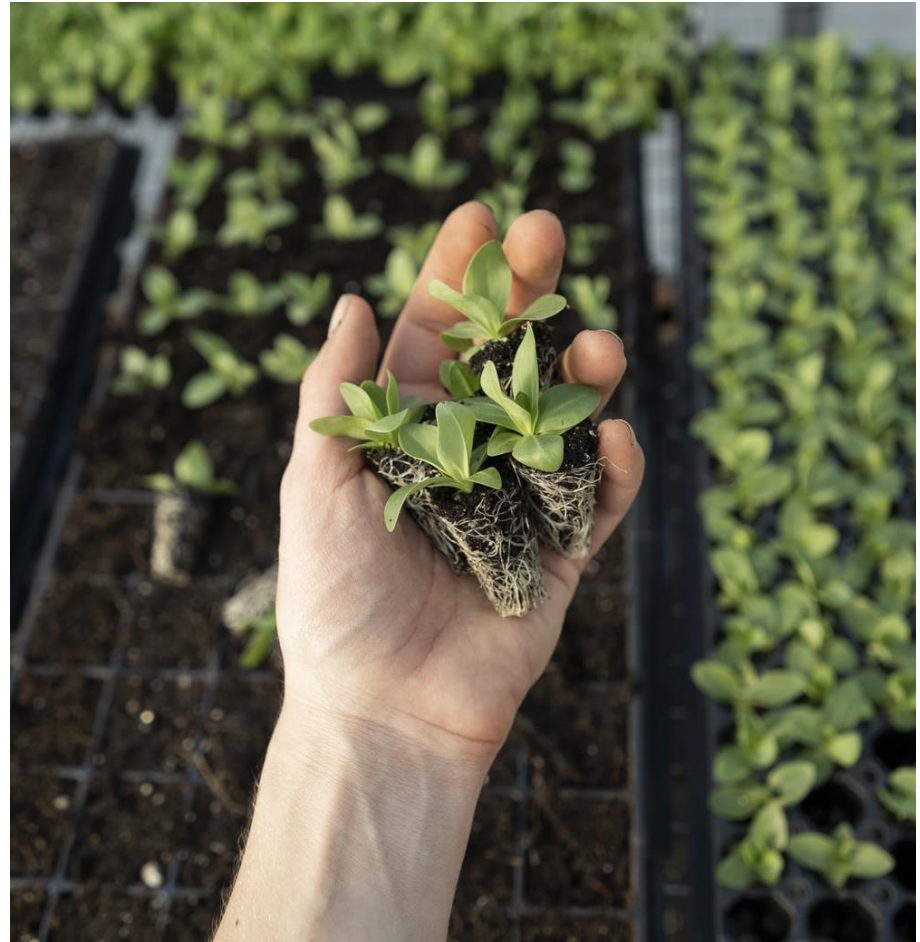
## Lack of capability and data

Sustainability requires new skillsets and mindsets which are often lacking in many workplaces, as well as a lack of good quality data to drive decision making.



## Integration issues and insufficient investment

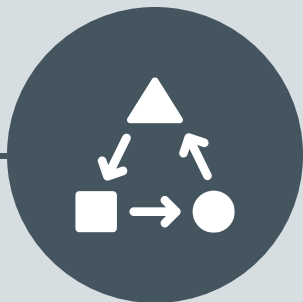
Excessive focus on the technical and operational aspects rather than cultural and leadership factors, lack of integration with legacy processes and insufficient or misaligned investment all hold back effective transformations.



<sup>1</sup> Office for Budget Responsibility <sup>2</sup> Addleshaw Goddard



# Our sustainability transformation approach







**The Sustainability Ambition:**

Serves as the heart of our model – the “Why”. Organisations must be guided by their level of sustainability ambition – do you want to be **compliant, competitive or market-leading in your industry?**



**Five core “Sustainability Fundamentals” – the “HOW”**

The middle layer of the model is the **steps an organisation must undergo to ensure a successful transformation** by understanding risks, setting a clear strategy and targets, engaging all stakeholders, innovating to find solutions and aligning the whole organisation behind a system-wide transformation. These steps are not necessarily chronological, but must **be constantly addressed and iterated.**



**The 12 focus areas – the “WHAT”.**

Extending beyond the fundamentals, the focus areas provide a further layer of detail on the **organisational levers which must be addressed** to ensure a holistic transformation. Targeted interventions can then be provided for “problem areas” or those parts of the organisation requiring “**sustainability uplift**”



**Underpinned by Leadership**

The foundation of any transformation is strong leadership. Leaders who have the **skills and mindset for sustainability**, who **promote long term decision making** and lead **purpose-led organisations** will be those who can drive the most successful sustainability transformations



**By focusing on these areas and activities, a sustainable transformation can be achieved.**



While we use a tried and tested methodology as a foundation, we can adapt its application to meet your organisational needs

1

Our approach enables you to **frame** the sustainability agenda before undertaking an **assessment** of your current sustainability **maturity**, drawing out areas needing particular focus.

2

We then help to define & align on a clear, transformative, **sustainability strategy**, including **net zero targets**. We partner with leading specialists to **deliver a mathematical assessment of ESG based risks** where needed.

3

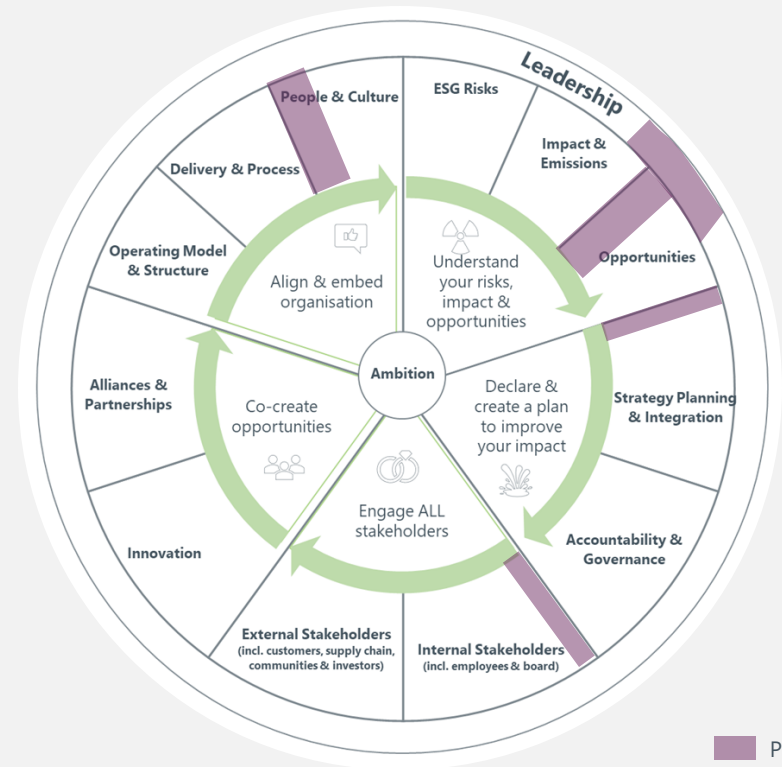
Based on the maturity baseline and defined ambition, we will then **design & plan interventions** that are right for your specific organisation and at a pace that aligns with your growth ambitions. These will be broadly in, but not exclusive to the areas on the sustainability wheel.

4

Finally, we **mobilise, support you through delivery** and continuously **monitor progress**...



Example Sustainability Maturity Assessment output...



...which we would use to inform the priority areas for sustainability intervention



# Example Sustainability Maturity Assessment

- To what extent is sustainability part of the culture and mindset?
- How well are people engaged in sustainability initiatives?

- How well do the leadership team understand sustainability challenges relevant to the business?
- To what extent do the leadership role model a sustainable mindset & behaviours?

- To what extent are sustainability considerations integrated into processes?
- How successful is the organisation at delivering change?

- How well are ESG risks and their materiality understood?

- How well does the operating model account for sustainability?
- To what extent has sustainability been embedded into new / existing structures?

- How well understood are the environmental and social impacts of the business?

- To what extent are alliances and partnerships seen as important?
- How well are they set up to leverage these?

- How well understood are the opportunities arising from tackling sustainability challenges?

- To what extent is innovation seen as a driver of sustainability progress?
- How successful are internal innovation initiatives?

- To what extent is there a clear strategy and targets to address these challenges?
- How well integrated is sustainability into the wider business strategy?



- How well understood are external stakeholder's needs?
- To what extent are external stakeholder needs factoring into decision-making?

- How well understood are internal stakeholder's needs?
- To what extent are internal stakeholders engaged on sustainability?

# We've worked with various clients on a similar challenge

A SELECTION ARE BELOW:

A SELECTION OF CLIENTS WE HAVE WORKED WITH IN THE SUSTAINABILITY SPACE...

 <b>Strategic review*</b>	 <b>NHS Estates Energy &amp; Waste Strategies</b>	 <b>Agile deployment to support 2050 sustainable vision</b>	 <b>Sustainable Leadership*</b>	 <b>Sustainable Leadership*</b>
 <b>Diversity &amp; Inclusion*</b>	 <b>Inclusive Leadership*</b>	 <b>Organisation Design</b> for the sustainability teams in procurement	<i>Major British food &amp; clothing retailer</i> <b>Revamp of vision &amp; purpose</b> around sustainability	<i>Major global bank</i> <b>Organisation Design</b> for the sustainability function (as part of wider op model review)

AND SOME OF OUR DIGITAL CLIENTS...


**Radioactive Waste Management**

**Embedding a culture** of safety, security and sustainability  
*"We have developed a collaborative partnership with Q5, built on mutual respect and co-creation. The 'one team' approach has enabled us to implement significant improvements to our organisational culture and the way we work."*  
**Head of Transformation & Change**

**Shell**

**Organisation Design & Governance** for New Energies  
*My experience of Q5 people has been excellent. Each of them has been knowledgeable, engaging, able to integrate with our business well, learnt our business quickly, contributed effectively from the start.*  
**Senior Exec – Shell New Energies**

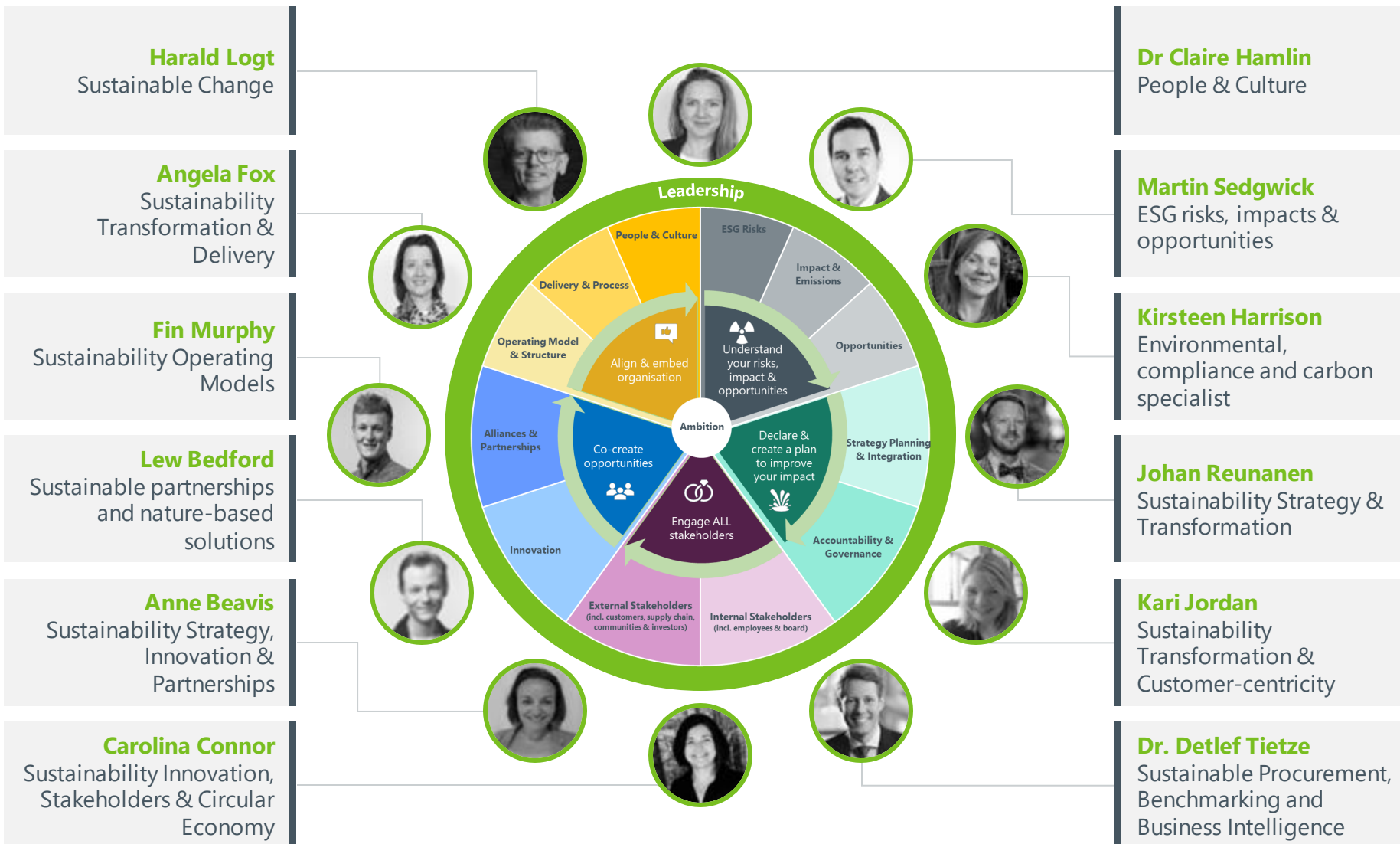
\*Currently in delivery



# Our sustainability credentials



# We have capabilities to support each part of the wheel...



# ..and have a broad, global eco system of partners to support your journey.

## CONSULTANTS



## INTERNATIONAL PARTNERS



## ACADEMICS



## CORPORATE & TECHNOLOGY PARTNERS





# About Q5







An innovative, award-winning, global consulting firm that specialises in **organisational design, development, change and effectiveness.**



We partner our **global expertise** with **locally based teams** to get the best results for our clients.



We pride ourselves on delivering work in a unique collaborative way: **partnership approach, joint teams with clear outcomes, agreed benefits and shared success.**



We know time is precious and getting results quickly matters. Our working style enables a **fast paced delivery** with **clearly agreed approaches.**



We help our clients make the **right decisions** for their organisation and the situation they find themselves in.



We **support our local communities, non-for-profits and small business** through our Q5 foundation and award winning pro-bono "Pop-Up consulting" offering

**Globally recognised** experts in organisation effectiveness

*"The best consultants we have worked with by a country mile, effective at every level of the organisation."*

Energised group of consultants who **bring the right talent and experience** to deliver genuine insights for our clients



**Successful enablers of transformation** for our client's people, processes, and structures



**6 global offices,** In the UK, USA, Australia & Hong Kong, + strong European capability via The Transformation Alliance



The Transformation Alliance



**Work alongside our clients** to deliver results that last

*"They are agile and intelligent – the team quickly understood us in a way that was surprising. This is the first time that consultants have ever changed my picture of the answer; really good value."*

**Active in our communities**

*"The session was hugely productive and has helped to clarify our thinking. In these turbulent times it is often difficult to see things objectively, the process has certainly helped me in this regard."*

**Q5 subscribes to the Sustainable Development goals and pledges to be Net Zero by 2022**



**Find out more here - [Homepage](#) - [Q5 Partners](#)**

We work with some 100+ organisations a year. Our work is driven by strong values – a burning desire to be a different kind of consultancy, a true partner to our clients to challenge and support them to achieve their desired outcomes. We are very proud that over 80% of our business is repeat or referral.

Our values guide our behaviour and how we work together, both within our Q5 teams and with our clients. All Q5ers work to these values and we each agree to not only abide by these in all we do, but to also challenge each other and encourage ourselves to ever higher standards.



We never settle. We are always learning and pushing ourselves and our clients forward.



We are leaders and self starters. We try new things, we challenge convention and we are not afraid to fail.



We are passionate about what our clients do, and we immerse ourselves in their businesses and cares. We serve the best interests of their businesses. No exceptions.



We listen to, respect and challenge each other's views. We may not always agree and that's fine.

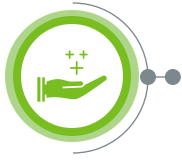


We work together to get things done, we look out for one another and we are all invested in building our future together.



We bring our true selves to work. We are honest, straightforward and as transparent as we can be.





Since our inception in 2009 Q5 have been committed to ensuring that our business can also **deliver wider social, economic and environmental benefits**. Given the wide range of areas we could potentially focus on, we frame our ESG actions using the **SDGs** to help us target those areas where we can **truly make progress against achieving a better and more sustainable future for all**.



**NET ZERO BY 2022**

**EMPLOYEE WELFARE**

At Q5 we understand the scale and speed with which we as **individuals, businesses and countries need to change** and reduce our impact on the planet. We firmly believe it is up **to everyone to reduce their impact** and make change, whatever the size, shape or type of organisation. As such we have recently committed to becoming a **net zero company by the end of this financial year**. We will do this by first making better decisions to reduce our emissions and secondly by sequestering the rest through accredited offsets.

At Q5 we are committed to far more than our just our mandatory legal obligations for the health, safety and wellbeing of our employees. We want to **infuse wellbeing into the DNA of our organisation** and have pledged to ensure that we are:

- Maintaining psychological and physical health
- Discovering and supporting health promotion initiatives
- Offering a range of support for the maintenance of mental health and psychological safety
- Building a 'resilient' workforce, which creates a workforce that thrives and can adapt and respond more effectively to the challenges confronting them
- Demonstrating 'Inclusive Leadership'

**DIVERSITY & INCLUSION**

We are **passionate about improving our processes to increase diversity and creating an environment of inclusion**.

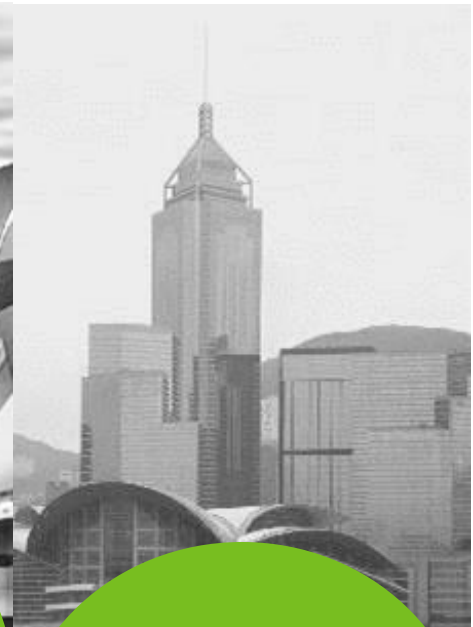
We believe in a **'whole system' approach** to creating an inclusive and diverse organisation. This means looking at levers of change and effectiveness in our organisation through a D&I lens – exploring and addressing where there are biases, barriers and enablers.

**POP UP CONSULTING**

As a response to the Covid crisis we **established a new offering designed specifically for charities and SMEs** to maximise their potential when they need it most by providing 1-2 days of pro bono support. This initiative, known as 'Pop Up', has helped over 100 charities and small businesses since March 2020 and delivered 2000+ hours of consulting. This work has almost been entirely **staffed by Q5ers volunteering their time** and, such is the internal appetite and enthusiasm for Pop Up, that we have decided to **incorporate this as an ongoing part of our business model**.



# We would be delighted to discuss further



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