

Corporate Environmental and Social Sustainability – An Expanding Role for Environmental Professionals

by Ross M. Povenmire

The increasing scrutiny of corporate behavior made possible by the internet and a globalizing economy has resulted in an evolving consensus that corporations should be held accountable for ensuring that their operations are environmentally and socially sustainable over the long term. Hard financial decisions by shareholders, lending institutions and business customers are increasingly including consideration of a prospective company's "sustainability" performance measured on the "triple bottom line" of the financial, environmental and social arenas. The successful corporations of the future will be the ones that embrace this trend early, and incorporate environmental and social "sustainability" into their company culture. Environmental professionals can help lead corporations through these cultural changes by helping clients identify sustainable business practices, and by developing efficient and effective environmental management programs and performance monitoring systems.

Environmental professionals seeking to improve a company's sustainability performance must first articulate a company-wide sustainability policy that has the firm support of senior corporate officers, and then work to promote that policy through all levels of the company. Helpful ideas for developing a sustainability policy may be obtained from numerous industry trade groups and organizations. Alternatively, a company may commit itself to a sustainability policy published by an organization such as the Coalition for Environmentally Responsible Economies (CERES). Corporate "sustainability reports" have become an increasingly important means of communicating corporate environmental and social policies, and relevant measures of sustainability performance, to shareholders, activists, clients and employees.

The decision to embrace sustainability and sustainability reporting is typically based on bottom-line business considerations. These include the preservation of valuable public image, attracting investors and lenders who are increasingly sensitive to corporate environmental and social stewardship, or defusing issues of potential interest to activist groups. In some cases, companies may be able to leverage their own sustainability efforts by selecting suppliers who can demonstrate adequate sustainability performance. Progressive companies have already recognized this opportunity to increase market share and open new markets by being the first among their competitors to offer sustainable services or products.

In the post-Enron era, lenders, activists and shareholders will give short shrift to unsubstantiated claims of performance, or to the airy text and glossy photos that have characterized many environmental and social reports. The reporting of verifiable information on meaningful indicators of performance will be increasingly demanded. Professional standards for sustainability reporting and verification are rapidly coming into focus through the work of such organizations as the Global Reporting Initiative

(GRI), the International Standards Organization (ISO) 14001 certification program, and the Institute of Social and Ethical AccountAbility AA 1000 standards.

The preparation of a corporate sustainability report is a complex undertaking requiring attention to detail, accuracy, and presentation. It should include, at a minimum, a forceful statement by the CEO supporting sustainable business practices, a discussion of the major sustainability issues relating to company operations, measures of the companies performance relative to these issues, and plans for improving the company's performance. The sustainability report should be prepared as a stand-alone document, rather than as a chapter of the annual report.

Although the sustainability report can be an important communication device, and an important sign of corporate commitment to sustainability, it is not likely to be sufficient by itself for changing corporate culture and achieving substantive improvements in sustainability performance. To achieve these broader goals, a sustainability report should be made part of a comprehensive sustainability program that accomplishes the following:

- Promotes awareness and a sense of personal commitment to sustainability by employees at each level of the company;
- Maintains compliance with all applicable environmental and employment laws and regulations;
- Provides systems for identifying, implementing and monitoring sustainable business practices. Such systems should include environmental management and performance monitoring programs tailored to the specific activities of the company;
- Involves external groups in dialogue and cooperative efforts on relevant sustainability issues; and,
- Provides cogent sustainability information and reports using measures of sustainability performance that are relevant to the company's activities.

The preparation of sustainability reports and the development of comprehensive corporate sustainability programs is a new and expanding arena requiring the unique combination of skills and expertise of environmental professionals. The trend in sustainability reporting towards the use of recognized reporting standards and verification practices is already generating a corps of sustainability consultants and verification specialists. In particular, there is a growing demand for environmental professionals who possess the management skills to lead corporate cultures towards sustainability.

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