

# ADDING VALUE TO BUSINESSES THROUGH SUSTAINABILITY

Sustainability can be shorthand for many things. It is need-based design of an organizational structure and its operations, and it is a physical building designed for resource efficiency. It can be as grand as climate change and as minimal as choice of paper in the company printer. Sustainability is both a goal – achieving a thriving global economy – and a means towards the goal – achieving it without negatively impacting our environment, culture, and society.

Most companies view sustainability as a means of managing environmental, health and safety issues. For example, the use of safer chemicals is considered to be a sustainability goal. Other companies consider information technology efficiency to be a part of their mandate. Retail companies seeking to differentiate their brand may see a “sustainability makeover” as a means of identifying key target areas that can link to value appreciated by customers, as well as shareholders.

Sustainability in the private sector is also known as Corporate Social Responsibility (CSR) – a form of self-regulation to encourage companies to act ethically in business decisions.

## Reporting

Sustainability reporting is a key aspect of the metrics side of sustainability. Through this reporting, businesses communicate their economic, environmental, social and governance performance to regulatory agencies, shareholders and customers. Sustainability reporting is essentially non-financial reporting, also referred to as triple bottom line reporting, or CSR reporting. It is included in integrated reporting, which reports on both financial and non-financial performance. Independent organizations like The Global Reporting Initiative (GRI) have been working with global capital markets to report on corporate sustainability for the past two decades. GRI's report includes issues such as climate change, conflict minerals, human rights, corruption, and many others. A sustainability report is a report published by a company or organization about the economic, environmental and social impacts

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A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities. A sustainability report also presents the organization's values and governance model, and demonstrates the link between its strategy and its commitment to a sustainable global economy.

As a part of financial reporting, the Security and Exchange Commission (SEC) supports and, in some cases, requires transparency and reporting on sustainability issues.

Businesses are generating value from sustainable products, services and practices. New sustainability metrics identify and measure such value to business and society at large. These new metrics and the recognition of the value of sustainability, is now driving differentiation in the marketplace.-

## **Investing in Sustainability**

Another important driver of sustainable business practices is responsible investing decisions by current and prospective shareholders. Through socially responsible investing, prospective investors are using their capital to support behavior they consider responsible. At the same time, these types of investors are “voting with their feet” when they opt not to invest capital in companies that do not share their social or environmentally responsible goals. Current shareholders also may exercise their sustainability muscle by submitting shareholder proposals for social and environmentally responsible business practices. Publicly traded companies are becoming more concerned with current or prospective shareholder values because of the need for capital and because of brand differentiation at the investor level.

## **Our Experience with Sustainability**

Our lawyers provide guidance to improve the value added by existing initiatives and we help clients create sustainability initiatives that promote the business brand in a positive way. We view sustainability as an underlying foundation of all business and environmental law, building trust with customers and regulators with the regulated business community.

Our lawyers have represented major consumer products manufacturers with global supply chains to prepare reports and website disclosures concerning corporate environmental and social responsible behavior, including responsible sourcing, responsible packaging, and responsible manufacturing. We have helped Fortune 500 businesses prepare and implement CSR policies and procedures, including

procurement programs and supply chain certifications. In one case, a California environmental lawyer at our firm assisted a client to reach a mutual accord with Greenpeace for approval of its packaging procurement policies to ensure an increase in recycled material and FSC certified forest products.