

Sustainability: 20 expectations for companies by 2020

Corporate sustainability initiatives frequently – and often deservedly – get criticized for being more talk than action. Integrating environmental and social challenges into the business process can be a daunting task for even well-intentioned and well-resourced enterprises.

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A major new 84-page paper from Ceres, the investor and environmental group, seeks to address that issue by laying out an ambitious and detailed program with 20 expectations for companies to focus on and achieve by 2020. The 21st Century Corporation: The Ceres Roadmap for Sustainability “is a guide to companies on their journey to comprehensive sustainability – from the boardroom to the copy room – and throughout the supply chain,” says Mindy S. Lubber, President of Ceres.

The paper says companies must cut greenhouse gas emissions 25 percent below 2005 levels by 2020 in order to meet reductions called for by scientists who warn of catastrophic global warming. The paper also calls on companies to respond to societal issues. “It has become clear that it is not acceptable anywhere in the world to produce goods in unsafe or exploitative conditions,” Ceres says. “These are real business risks for global companies.”

Four Areas for Focus

To accomplish that, Ceres describes its vision of corporate best practices “that must come to represent the norm, not the exception.” The paper focuses on four broad areas: governance, stakeholder engagement, disclosure and performance.

In governance, “there is a growing expectation that boards of directors as fiduciaries should be informed leaders on sustainability issues that materially impact corporate performance and plans,” the paper says. Ceres suggests that a board committee have clear accountability for sustainability strategy and performance; that board nominating committees seek directors with expertise in sustainability; and that directors receive regular training in key sustainability issues.

In stakeholder engagement, the roadmap calls for companies to “regularly engage in robust dialogue with stakeholders across the whole value chain.” Recommendations include adoption of a “stakeholder mapping” process to identify, understand and track key stakeholder groups and how they are engaged on sustainability issues by key business units.

Companies should report regularly on their sustainability strategy and performance, according to the suggested roadmap. “Disclosure will include credible, standardized, independently verified metrics encompassing all material stakeholder concerns, and detail goals and plans for future action,” the paper says.

In operations, the Ceres roadmap calls on companies to “invest the necessary resources to achieve environmental neutrality and to demonstrate respect for human rights in their operations.” Performance should be measured “related to GHG emissions, energy efficiency, facilities and building, water, waste, and human rights.”

Sustainability as Economic Driver

In an introduction to the paper, David Blood, Senior Partner of Generation Investment Management, writes: “The interests of shareholders, over time, will best be served by companies that maximize their financial performance by strategically managing their economic, social, environmental and ethical performance. Central to this thesis is the explicit recognition that sustainable solutions will be the primary driver of industrial and economic development in the coming decades.”

Ceres has proven effective in the past in turning talk about environmental and social change into substance. The organization started with the so-called Ceres Principles, a 10-point code of corporate environmental conduct drafted in response to the 1989 Exxon Valdez oil spill. It launched the Global Reporting Initiative in 1997 and helped GRI organize as an independent organization.

Ceres also directs the Investor Network on Climate Risk, a network of 80 institutional investors with a collective \$8 trillion in assets. The coalition was instrumental in pressuring the U.S. Securities and Exchange Commission to recently announce new guidance on climate risk disclosure for publicly-held companies.

Access: [The 21st Century Corporation: The Ceres Roadmap to Sustainability](#)

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