

PETER A. SOYKA

CREATING A SUSTAINABLE ORGANIZATION

APPROACHES FOR
ENHANCING CORPORATE VALUE
THROUGH SUSTAINABILITY



Praise for Creating a Sustainable Organization

“Peter brings together the wide-ranging aspects of present and future organizations to bolster environmental, social, and governance (ES&G) performance, presenting a clean and clear understanding of *organizational sustainability*. There are two ways to take over the world in business within the income statement and balance sheet—cash and profits! Peter presents anecdotal and factual evidence for translating typical ES&G data into financial knowledge, ultimately to decrease bad costs, optimize use of assets, and increase the profitability of revenue streams.”

—**Michael R. Pisarcik**, Director, Environment & Safety Management Systems,
Sara Lee Corporation

“Peter Soyka’s book *Creating a Sustainable Organization* offers an informative, comprehensive look at many foundational issues for the emerging field of sustainable business management.”

—**Carol Singer Neuvelt**, Executive Director, National Association for
Environmental Management (NAEM)

“Peter Soyka is a master at bringing clarity to concepts, deconstructing the labels in vogue, and offering a multidisciplinary, grounded perspective that links socially responsible investing to corporate sustainability. He also diagnoses the changes, challenges, demands, and expectations of the paradigm shift involving the EHS/sustainability and financial communities. This book is for organizations seeking to catalyze sustainability thinking and practice, develop a sustainability DNA, and stimulate the right conditions for value creation.”

—**Donna Vincent Roa**, PhD, ABC, CSR-P, Managing Partner & Chief Strategist,
Water Sector Communication Expert, Vincent Roa Group, LLC

“Peter’s message is clear: Sustainability leadership is now synonymous with business leadership. The book is a clear roadmap to leverage sustainability thinking to create shareholder value.”

—**Tim Mohin**, Corporate Responsibility Director, Advanced Micro Devices;
author of *Changing Business from the Inside Out:
A Treehugger’s Guide to Working in Corporations*

“I’ve worked with Peter for more than 25 years. This is exactly the kind of work I’d expect from him. It’s a book for current and aspiring sustainability professionals, and moves the discussion from the emotional, green, crunchy granola appeal of sustainability to the argument that appeals to the brain. *Creating a Sustainable Organization* presents the theory, the evidence, and the organizational case underpinning the argument for green; it shows why caring about sustainability is good for the bottom line and the economy as well as the earth.”

—**Lawrence G. Buc**, President, SLS Consulting, Inc.

Creating a Sustainable Organization: Approaches for Enhancing Corporate Value Through Sustainability

Table of Contents

Contents

Chapter 1 Introduction

Major Themes and Messages in This Book

A Few Disclosures and Caveats

Endnotes

Chapter 2 Background and Context

What Is Sustainability, and Why Is It Important to Business?

Why Sustainability Is and Will Remain Important to U.S. Corporations

Where Weve Been and What Weve Learned

What ESG/Sustainability Investing Is and Why You May Never Have Heard of It

Major Factors, Actors, and Trends

ES&G Concerns as Key Requirements and Determinants of Long-Term Business Success

Implications for Sustainability Professionals and Others Working on Corporate Sustainability Issues

Endnotes

Chapter 3 ES&G Issues and How They Affect

Table of Contents

the Business Enterprise

Environmental, Health and Safety, and Social
Equity Laws and Regulations

An Abridged History

Corporate ES&G Obligations

Legal Liability

Stakeholder Expectations and Nonlegal
Requirements

Costs and Cost Structure

Revenue Impacts

Organizational Strength and Capability

Endnotes

Chapter 4 Stakeholder Interests and Influences and the Social License to Operate

The Social License to Operate

Major Company Stakeholders

Typical Stakeholder Involvement in and Influence
on Corporate Behavior

Endnotes

Chapter 5 Managing ES&G Issues Within the Organization

Relationships Among and Between EHS, Social, and
Governance Issues

Effective ES&G Management Structures and
Practices

Integrating Sustainability into the Company's
Organizational DNA

Table of Contents

Endnotes

Chapter 6 Investors and the Power of Markets

Market Theory and Underlying Assumptions

Who Investors Are and What They Care About

Size and Composition of U.S. Capital Markets

Disclosure

Institutional Investors and Fiduciary Duty

Traditional and Emerging Security Evaluation
Methods

Socially Responsible Investing (SRI) and ES&G
Investing

ES&G Evaluation and Investing Methods

Barriers to ES&G Investing

International Situation and Trends

Analysts, Rating Agencies, Data Providers, and Other
Intermediaries

Trends and Potential Game-Changers

Summary and Implications

Endnotes

Chapter 7 The Financial Impact of Effective (or Ineffective) ES&G/Sustainability Management

Insights from the Literature

Surveys of Corporate and Investor Attitudes and Beliefs

Summary and Implications

Endnotes

Chapter 8 Defining, Measuring, and Reporting ES&G Performance

Table of Contents

Why Performance Measurement and Reporting Are
Crucial

ES&G Data, Information, Knowledge, and Insight

Major ES&G Data Types and Sources

Creating Knowledge and Insight from Corporate and
Industry ES&G Information

Key Needs and Gaps

Sustainability Reporting: Extent of Use

Evaluation of Current ES&G Reporting Practices,
Limitations, and Trends

ES&G Research and Analysis Firms

Potential Improvements

Endnotes

Chapter 9 Making It Happen in Your Organization

Creating Sustainable Value for the Enterprise

Implications for Sustainability Professionals

What It Takes

Closing Thoughts

Endnotes

References

Index