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GEMI Quick Guide: *Cultivating Sustainability Within an Organization*

ABOUT THIS QUICK GUIDE

The **GEMI Quick Guide for Cultivating Sustainability within an Organization** is designed to provide insights for how corporations demonstrate and communicate the value of sustainability and activate internal resources to achieve key sustainability objectives. Use the information and case studies provided in this guide to help define a strategy that makes sense for your company.

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INTRODUCTION

Is your organization on board with your sustainability mission? One of the most important factors for establishing a successful sustainability program is ensuring employees understand, embrace, and pursue the right focuses. Simply put, that happens when those focuses foster a productive and thriving organization built on long-term business processes that promote economic development, environmental stewardship and social responsibility. This Guide discusses how a company can promote, motivate, and accelerate this pursuit by: defining business opportunities and risks clearly, establishing tangible purpose and concrete objectives for sustainability projects or programs, identifying the meaningful and relevant issues to the organization, and communicating effectively with stakeholders. A sustainability strategy will only be successful if these actions are undertaken as components of a well planned and executed business strategy.

1. CONNECTING WITH THE BUSINESS: QUANTIFYING OPPORTUNITIES AND RISKS

All businesses require resources for their operations including: sufficient water supply, local labor, raw materials from suppliers, infrastructure and transportation to bring supplies in and carry finished product out to customers, sufficient wastewater treatment capacity, availability of sufficient electricity and natural gas, and a productive workforce.

A sustainability program works to conserve or enhance these resources, as well as be sure they will be available consistently and reliably, now and long term. Additionally, customer and public opinion are becoming increasingly significant in defining how organizations are managed and how interaction occurs with stakeholders. Stakeholders are internal and external individuals and groups who are interested in the company — company management and employees, customers, the local community, non-government organizations (NGOs), regulators, socially responsible investors and other interested parties. As a result, it is important for organizations to manage the risks and opportunities that can affect resources and reputation.

A broad-based sustainability program is one solution for managing opportunities and risks. From a reputational perspective, a single incident, such as an accident, product recall, release or spill, or failure to meet customer orders, can have a significant impact on an organization's reputation with stakeholders. A broad-based sustainability program can help reduce the likelihood and mitigate the impact of an incident, leverage opportunities to enhance reputation, and manage risk for stakeholders, including management.

Using a sustainability program to contribute to managing resource and reputational risk can provide significant benefits; cost savings through conservation and efficiency programs almost always pay for themselves. Incident prevention and response planning can reduce cost and response time, allowing a return to normal operations as soon as possible. Reporting to customers and stakeholders regarding impact trends and progress in social, environmental and fiscal stewardship provides assurance that the organization is managing appropriately. Linking a sustainability program to the overall business strategy makes the program tangible to stakeholders. A sustainability program also provides a framework to implementing change.



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There are two primary types of opportunities and risks to evaluate:

- **Resource Opportunities and Risks:** A sustainability program prompts the types of questions: how can we do more with the resources we have, could we do the same with less, can we create less waste from our operations, can we find suppliers who do more with less? Managing resources efficiently can produce added benefits, including competitive advantage. A company becomes better positioned strategically when resource use efficiency is a basic tenet. A resource use efficiency program, as part of a sustainability program, considers current usage, trends and projected usage aligned with business strategy. This tenet also assures management, suppliers and customers that the organization is managing the risk of a shortfall in raw materials or finished products.
- **Reputation Opportunities and Risks:** The issues and factors that can affect a company's reputation can be challenging to pinpoint. Unintended consequences can have a devastating impact on a company and its suppliers, workers, and customers. Here again, a broad-based sustainability program can consider what might go wrong, how it might be prevented, and if necessary, how to respond if something does go wrong.

Quantifying these opportunities and risks allows the company to communicate within the organization with tangible concepts. This carries value on multiple levels by:

- Ensuring management is on board with key priorities.
- Making the company's sustainability initiatives tangible within all ranks of the organization.
- Building a connection between what's important to the business and sustainability initiatives.
- Pursuing initiatives that are meaningful internally and externally.

It is possible that not everyone will immediately buy in to a sustainability-based approach for managing opportunities and risks, and some people won't understand all of the concepts. Recognize that this is an iterative process; initial successes will open up further opportunities..

It is important to be realistic in pursuit of a strategy. Success for sustainability is measured in terms of the success of the company's overall business strategy. Rarely does an entire sustainability strategy, tied in to all company goals and initiatives, come into focus on Day 1. In most organizations, the process builds. Interest in a sustainability program might start with water, energy, and waste; when it expands to where marketing, procurement, sales, and other departments look to the program to create opportunities and address their risks, you'll know that you've cultivated a more complete sustainability strategy and program.

Questions for Consideration:

- What do managers and employees need to know about sustainability to do their jobs well?
- How do different groups contribute to the company's performance in sustainability? What training do they need?
- What makes sustainability confusing to employees/managers and what might help?

GEMI Resources:

- [GEMI Metrics Navigator](#)
- [GEMI SD Planner](#)
- [GEMI HSE WebDepot](#) ("Advance" section)



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Case Study: Smithfield Foods – Addressing Opportunities and Risks

Case Study: Union Pacific – Seeking Employee Input Regarding Opportunities and Challenges

2. DEFINING MATERIALITY: IDENTIFYING WHAT IS IMPORTANT

An important tool to build employee awareness about sustainability is to understand the level of impact that issues can have on the company and stakeholders. This often is done through a materiality assessment.

In certain business functions, “materiality” has a recognized or defined meaning. For example, in accounting or auditing terms, materiality refers to *the estimated value that a given piece of information may have on a company’s value, e.g., current or future stock price*. Sustainability programs and practitioners focus on material issues and can view them from the lens of the investor or other, non-financial stakeholders. (See the different definition of “materiality” at [IIRC](#), [SASB](#) and [GRI](#).) In either case, material areas of focus for a sustainability program can be defined from a company’s perspective by answering the question: *What is important to your business?*

Everything cannot get done at once and resources are finite, so projects get prioritized. So, too, a sustainability program often starts with issues or projects that are of greatest importance to the business and its stakeholders. Additionally, a sustainability program can identify what issues stakeholders view as important.

A company will often conduct a *materiality assessment*, either formally or informally, to clearly articulate its definition of materiality and identify where the company should focus its sustainability efforts. An organization should take care, however, to ensure the task of articulating ‘materiality’ does not become a hindrance to getting the materiality assessment started. Consulting with those who manage investor relationships and who address these issues from a Law perspective can be helpful to understand how to navigate these concerns.

A well-designed materiality assessment then should consider engagement with all identified stakeholders – both internal and external. The assessment should identify internal stakeholders in all parts of the organization, including the corporate suite (C-suite) and the Board of Directors. C-suite and Board participation is necessary because it sets the strategy for issues of significance, including business challenges facing the organization. In addition, this participation communicates the value of sustainability to employees, customers, investors and suppliers.

The materiality assessment begins with construction of an inventory of potential material issues from all of the organization’s functional units. Once the inventory is developed, many companies survey a sample of internal and external stakeholders to determine key issues facing an organization.



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A typical inventory of material issues may cover the following the following topics:

<u>Governance & Strategy</u>	<u>Environmental</u>	<u>Social</u>	<u>Economic</u>
<ul style="list-style-type: none">• Anti-corruption• Code of conduct• Corporate governance• Innovation• Risk management• Stakeholder dialogue	<ul style="list-style-type: none">• Biodiversity• Emissions• Energy use• Management systems• Waste• Water availability	<ul style="list-style-type: none">• Child labor• Community outreach• Diversity• Employee health & safety• Forced labor• Human and labor rights• Process safety• Socially responsible investment	<ul style="list-style-type: none">• Energy supply• Product stewardship• Renewable resources• Supply chain sourcing issues• Sustainable branding

Survey results can be mapped to contrast stakeholder perspectives. One approach is to plot results on an x- and y-axis graph referencing “importance to business” and “importance to stakeholders”. Material issues can also be plotted by “speed of impact” and “risk to the business”. Using the relationship of these values, organizations can rank issues and develop strategies for managing them.

Some organizations use an experienced third party to lead the materiality assessment. A third party can be objective in questions on sustainability issues, survey design and reporting strategy. Additionally, a third party can facilitate more candid conversation and work. The downside can be a third party being unfamiliar with your industry or business.

The materiality assessment can provide benefits in many ways:

- **Developing a Sustainability Strategy** – Materiality is a tool for identifying priority areas to advance sustainability within a business. The materiality assessment is a starting point in developing an integrated business strategy.
- **Engagement** – Development of a materiality matrix involves internal and external stakeholders. Organizations can learn from this process. In addition, the process helps build support for activities and provides groundwork for future engagements. Engaging with sustainability-oriented stakeholders can provide support and help build relationships needed for future activities.
- **Scalability** – The materiality assessment process should be scalable and flexible. There is no set defined process for conducting a materiality assessment; organizations may choose how rigorous or in depth they wish to conduct their assessment. Consider this a learning process where each renewed assessment can evaluate new issues that may have an impact on the organization.



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- **Reporting** – Many companies prepare a sustainability report to share with stakeholders. The GRI and IIRC reporting processes require disclosure of information about the materiality process itself and an annual review of the analysis in accordance with the reporting cycle.

A sustainability process of articulating what is material to a company and prioritizing resources on the most impactful and important issues provides an opportunity to determine what can set an organization apart in a positive way, allowing management to enhance strengths in addition to overcoming weaknesses.

Questions for consideration:

- Who do you think are your key internal and external stakeholders?
- What might be the material issues for each of your stakeholders?
- Would conducting a materiality assessment provide value for your organization?

GEMI Resources:

- [GEMI SD Planner](#)
- [GEMI Connecting the Drops Towards Creative Water Strategies: A Water Sustainability Tool](#)
- [GEMI Business and Climate tool](#)

Case Study: 3M – Understanding Stakeholder Perspectives

3. MOVING FROM VAGUENESS TO CLARITY: MAKING SUSTAINABILITY TANGIBLE

When a business objective is tangible – “ABC Company will make and sell X dozen of widgets in the next calendar year” – the objective feels more achievable to employees. This can be empowering for an organization – even for employees not directly involved in the objective. Sustainability is, at its core, about thinking and acting strategically for the long term. Defining sustainability goals in tangible business terms can be challenging. In addition, organizations define *tangible* differently. Importantly, understanding sustainability requires both short- and long-term thinking. Creating both goals may convey sustainability more easily to employees and other stakeholders.

The process of making sustainability tangible begins with applying the three sustainability domains to the entire value chain of a business – from raw materials through manufacturing, delivery and final disposition. In a service-oriented business, the value chain may encompass material acquisition through final delivery of service.

While the entire value chain is ripe for considering environmental, social and fiscal improvement, it does not have to be addressed at once. Businesses can start small and continue to build on achievements. In the context of sustainability considering *how* a process works, not just *what* the process does, can be important. An example is the well-known saying: “Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime.” The process is feeding a man, but depending on *how* the process works, will determine if he eats sustainability – for a lifetime or a day.



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Tangible actions can involve a variety of approaches:

Evaluate business barriers. What might prevent an organization from performing a given activity forever? The answer identifies barriers that can, once confronted, uncover hidden opportunity to not only increase the sustainability of a given activity, but also identify a tangible business objective. Identifying barriers and understanding how to overcome them can also help make sustainability activities tangible and actionable.

Connect sustainability to corporate goals. Organizations may decide to reward certain actions and behaviors to ensure ongoing success and progress towards sustainability objectives. In addition, when an organization rewards long-term thinking, it helps make sustainability tangible to employees. How can one know that an activity is truly sustainable? An effective way is for management to identify goals, incorporate the goals into work plans at all levels in the organization, and, measure results to determine progress towards sustainability.

Encourage participation in outside activities. Organizations can cultivate sustainable thinking within employees by offering opportunities to participate in external sustainability programs. Organizations can learn what is important to employees through this process as well. As an example, a company could solicit employee involvement in external programs by listing opportunities and providing time off to participate while tracking involvement, or by setting up grant programs for causes important to employees.

Incorporate sustainability in corporate metrics. Processes that are sustainable will cost less because many of the forces that make resources scarce may be reduced. Lowering financial hurdles for sustainability project funding is, in itself, not sustainable; however, using business models that value long-term contracts, over short-term gains, can help overcome these hurdles. Regarding business finance models, making incremental changes that are designed to meet financial hurdles and eliminate structural barriers to sustainable activities is another approach. Sometimes, starting from the ground up may be the only way to eliminate barriers.

Questions for consideration:

- What elements of your company mission or vision can serve as springboards to making sustainability tangible to your employees?
- Do you need to revise your company mission or vision to be more supportive of sustainability to help make it tangible?
- What interests do your employees have (are there “champions of sustainability”) that compliment your efforts that can be leveraged to make sustainability tangible to other employees?
- What sustainability success stories can I share with employees to make it more tangible?
- What behaviors can company leadership model or highlight to make sustainability more tangible?

Links to GEMI tools:

- [GEMI Environment: Value to the Bottom \(EVTB\)](#)
- [GEMI Environment: Value to the Top Line \(EVTL\)](#)

Case Study: Perdue Farms, Inc. – Creating Accountability for Sustainability



4. COMMUNICATING EFFECTIVELY: MAKING THE SUSTAINABLE CONNECTION

Sustainability fosters good business practices. Said differently, good practices often embody the best sustainability principles. You might be surprised to learn that your organization already employs sustainability practices. The task now is to communicate those actions to begin a conversation throughout the organization. The stories can be appealing to management and other employees for a variety of business reasons, both strategic and tactical. They can make the sustainability projects meaningful to others. Communicating these success stories can further integrate sustainability within an organization.

Effective communication in relaying sustainability efforts often requires the role of a translator as much as an author. “Sustainability”, “shared value proposition”, “materiality assessment” may not be familiar terms within the business; consider using terms that are familiar such as, “social responsibility”, “business readiness and resumption”, “adaptation” or another term that fits your business. Regardless of how it is labeled, a sustainability message can be about a program that benefits the business, lowers the company’s environmental footprint, or enhances a community. Showing the value from each sustainability lens (financial, environmental, and social) strengthens the conversation.

Gather and write the message

Once you identify a sustainability story, the next step is to develop the message, pinpoint the audience and identify what medium to convey the message. This process can happen multiple times to adapt to different audiences. When doing so, it is helpful to consider the audience, its interests and disinterests, and present concise and relevant information.

Business people are inundated with information – operations reports, safety results, budgets, metrics, human resource data, information technology requirements, training materials and regulations. Consider tailoring information to ensure that it is relevant, captivating and succinct to cut through the volume of sources competing for attention. By following the steps in the earlier sections, you’ll already be ahead of the game, because your message will connect to the company’s overall mission and goals.

Steps to assist in the effort:

- **Start small** – Use illustrative examples or pilot projects, especially if the business is just starting to talk about sustainability initiatives.
- **Be direct and use plain English** – Simplify the message. Highlight financial benefits. Consider providing background information on the business context, especially when the audience may be less familiar.
- **Talk the business talk** – Convey the benefits or savings derived in units that are relevant to the business such as number of products, shipments, tons, or gallons.
- **Give credit where it is due** – Identify people who have worked on the sustainability efforts so they receive recognition and others may easily contact them.



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- **Tailor the content and tone to fit the audience** – The format and strategy with senior management will be different from what you tell new hires.
- **Be humble** – Sustainability is about seeking improvement, in economic, environmental and societal realms, so acknowledge tradeoffs. Even this communication can provide information that helps the business make better decisions. Small successes make great stepping stones.

Transparency can leave you naked!

Increased communication might have downfalls.

- **Communication may bring criticism** – Communicating about sustainability may draw added attention to your organization's efforts, potentially revealing flaws. Consider running a draft past others, known as stress testing, to test reactions before publishing. This will help confirm whether the message needs further attention. These sounding boards can help check that the message is relevant, crisp and true to the culture.
- **Clarify approval procedures** – Few managers like surprises, so consider identifying and confirming approval procedures and specific individuals before releasing. Checking to make sure all who need to know are involved will ensure success on the particular subject and in your engagement with management on future initiatives.
- **All feedback is a gift, even criticism** – Although negative feedback can sometimes be painful to hear, feedback means someone has read the message and cared enough to provide input. It often will provide important clues for future success of the sustainability program. Incorporate input you receive as much as possible, and talk through any differences.

Although this section focuses on elevating the visibility of sustainability within the business enterprise, one may be able to repurpose an internal message and use it externally through careful planning and focused content. Understand that communicating externally carries different needs and expectations. Your approach to communication regarding sustainability should be flexible in its timing and content.

Questions for consideration:

- Does your company have a concise statement of what sustainability means to the business?
- Do employees have a common understanding of what sustainability means and expectations for their roles?
- What resources are available and needed to reach employees or to hear their sustainability stories?

GEMI Resources:

- [GEMI Transparency: A Path to Public Trust](#)
- [GEMI-Environmental Defense Fund \(EDF\): Guide to Successful Corporate-NGO Partnerships](#)

[Case Study: ConocoPhillips – Employee Awareness](#)

[Case Study: Phillips66 – Mixed Media Brings Small Success](#)



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CONCLUSION

Employees are the heart of sustainability. Sustainability goals and strategies can only succeed when employees understand how sustainability connects to their work and when they are motivated to make changes. Companies can use a variety of methods and tools to internally advance knowledge about sustainability and activate employees to address areas of significance in social, environmental and financial performance. The successful cultivation of sustainability internally requires a long-term plan and dedication, where sustainability is defined in meaningful terms, outlines relevant and prioritized opportunities, and uses effective communications.



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ABOUT GEMI

GEMI is a global leader in developing insights and creating environmental sustainability solutions for business. Since 1990, GEMI has captured the vision and experience of global corporate environmental, health and safety (EHS) and sustainability leaders from diverse business sectors through the development of a wide range of 30+ publicly-available, solutions-based tools and Quick Guides designed to help companies and organizations to improve the environment, their operations and add business value. Topics of these tools and GEMI activities focus on renewable energy, alternative energy, climate change, sustainable development, supply chain, water sustainability, environmental management systems, and more.

Through the collaborative efforts of its members, GEMI also promotes a worldwide business ethic for EHS management and sustainable development through example and leadership. GEMI is unique in that it provides a way for companies in a wide range of industrial sectors to work together in a cost effective manner. Members address strategic and tactical issues impacting progressive corporate environmental, health and safety activities in their companies around the world.

The guidance included in this document is based on the professional judgment of the individual collaborators listed in the acknowledgements. The ideas in this document are those of the individual collaborators and not necessarily their organizations. Neither GEMI nor its consultants are responsible for any form of damage that may result from the application of the guidance contained in this document. This document has been produced by the Global Environmental Management Initiative (GEMI) and is solely the property of the organization. This document may not be reproduced nor translated without the express written permission of GEMI, except for use by member companies or for strictly educational purposes.

The **GEMI Solution Tools Matrix™** is an interactive, web solution for users around the world to access the +30 publicly-available, solutions-based tools designed to help companies & organizations in their own pursuit of EHS and sustainability excellence to improve the environment, their operations and add business value. The Matrix guides users around GEMI's diverse portfolio of solutions-based tools that the organization has developed since 1990.



FOR MORE INFORMATION

GEMI mission is “Business Helping Business Achieve Environmental Sustainability Excellence”. If you would like more information about this Quick Guide, or if you have any questions or suggestions for this guide or future guides, please contact info@gemi.org.

**GEMI • 1155 15TH STREET, NW, SUITE 500 • WASHINGTON, DC 20005
P: 202-296-7449 • www.gemi.org • Twitter: [@GEMInews](https://twitter.com/GEMInews)**