Sustainability initiatives have moved beyond compliance to become a strategic imperative for more companies.
“Sustainability sells” is a truism that companies can no longer dismiss. And it’s a trend that goes beyond electric vehicles, eco-friendly packaging and reusable grocery bags. Increasingly, investors are evaluating corporate efforts to curtail emissions and other waste streams before they decide whether to invest in a company.

The Securities and Exchange Commission took note in March when the agency proposed rule changes that would require publicly held companies to disclose how they report, govern, manage and identify climate-related risks. It also would mandate that companies detail greenhouse-gas (GHG) emissions from upstream and downstream activities in their value chain.

Transparency into a company’s total ecological footprint lends credence to corporate sustainability claims. Many companies are responding to demands for more accountability by adopting environmental, social and governance (ESG) programs as a formal strategy to track and document their societal impact. Investors view ESG as an important indicator of risk management. That’s because negative impacts from pollution, waste and worker safety incidents can harm brand reputation and profits.¹

Sustainability also plays into an employer’s ability to provide a safe workplace for employees. Mitigating climate change may have a direct impact on employee safety. Consider that a warming plant is leaving workers more vulnerable to heat-related stress. Recognizing the danger posed by extreme heat, the Occupational Safety and Health Administration announced expanded measures in September 2021 to address heat-related workplace stress.²

Between Feb. 28 and March 17, 2022, *EHS Today* asked readers in a variety of corporate roles about their sustainability practices to find out how their efforts are impacting EHS strategies today and in the years ahead. The results highlight the market demand for change, areas of success, and gaps in existing sustainability programs, including employee readiness and corporate-level support.
Prevalence of Corporate Sustainability: A Work in Progress

Just over half of companies (52%) have a sustainability program in place. Another 27% have plans to implement one within the next five years. Surprisingly, 10% of companies have no formal sustainability strategy, and 12% of respondents don’t know if their organizations have established such a program (Figure 1). The findings suggest that nearly a quarter of companies are either unprepared for proposed environmental standards or have not adequately conveyed their program objectives to the workforce.

The latter scenario was on the mind of one respondent who, when asked to identify desired priorities related to corporate sustainability, said, “Awareness, especially to the operational and support staff to encourage change in attitude.”

Customer Demand, Brand Reputation Drives Adoption

Most companies have adopted sustainability initiatives because their customers want them or they see sustainability as a way to enhance their corporate reputation. Of all respondents, 54% indicated these were the primary motivations for their sustainability programs (Figure 2). One respondent remarked, “While the environmental leg is important, our customers drive that need for my company.”

Other top responses included: making a positive impact on the environment (48%), reducing energy consumption/carbon footprint (42%), compliance with industry standards on sustainability (41%), and improving operational efficiencies (41%).

---

**Figure 1. Do you have a sustainability program in place now?**
Environmental stewardship is considered to be a competitive differentiator by many corporate executives and business consultants.

“Companies that publish their environmental data consistently and on an annual basis can protect and improve their reputation, get ahead of regulation, boost their competitive advantage, uncover risks and opportunities, track and benchmark progress, and get access to lower costs of capital,” according to a statement from the Carbon Disclosure Project (CDP), which recognized 272 companies worldwide—worth $12 trillion in market cap—for environmental leadership. CDP also noted that there is evidence to suggest that companies that score highly on environmental metrics excel financially. An index based on CDP’s ranking has seen an average annual return that is 5.8% higher than its reference index over the past eight years.

Waste, Energy Reduction: Fueling the Circular Economy

Corporate sustainability efforts are primarily focused on two key areas (Figure 3): waste reduction (77%) and recycling and energy consumption/efficiency (73%). It makes sense that companies would target these two metrics as more countries adopt net-zero emissions goals and ambitious recycling efforts. More manufacturers are taking steps to participate in what’s become known as the circular economy.

One respondent commented that “the focus on environmental improvement through reusable or recyclable materials is essential to minimize industrial waste products and to ensure that product optimization is realized.”
Another respondent remarked, “Right now, because we are a warehouse, I think we should continue to focus on recycling and waste reduction as that seems to be the area with the bulk of opportunities toward sustainability. I would say once that gets under control, energy use would be the next step.”

Microsoft Corp. is one example of a manufacturer moving toward zero waste. By 2030, the company hopes to divert at least 90% of the solid waste headed to landfills and incineration from its campuses and data centers, manufacture 100% recyclable Surface devices, use 100% recyclable packaging (in OECD countries), and achieve at least 75% diversion of construction and demolition waste for all projects.

More than a third of respondents are also focusing on sourcing from responsible manufacturers. Consumer awareness around both sustainability and human rights practices are prompting many businesses to reconsider their procurement practices. The food and beverage industry is one example of an industry taking the lead on sustainable sourcing with “farm to table” transparency becoming more common across the sector.

Companies that publish their environmental data consistently and on an annual basis can protect and improve their reputation, get ahead of regulation, boost their competitive advantage, uncover risks and opportunities, track and benchmark progress, and get access to lower costs of capital.”

Figure 3. What areas are you focusing your sustainability efforts on?
Measuring Success: Expectations and Reality

Overall, survey participants indicate their current sustainability efforts are at least somewhat effective, but they recognize there is room for improvement (Figure 4). Only 11% of respondents agreed the effectiveness of their sustainability program is “excellent.” Another 41% rated their current efforts as “good,” and 31% identified their environmental progress as “fair.” Another 17% rated their sustainability efforts as “poor” or unclear (“too soon to say” or “don’t know”).

Nearly one-third of respondents said they already are realizing benefits from their environmental initiatives (Figure 5). Another 35%
expect returns within the next two years, while 20% believe they will see measurable results in three to five years. A small percentage of respondents expect it will take more than five years to achieve any benefits, while 8% say they "don’t know."

Meanwhile, 21% of respondents say they have realized "significant" value from their sustainability efforts. Another 39% agree they have at least achieved "modest" benefits from their environmental initiatives. While 15% indicated "marginal" results, a greater percentage of respondents say "it’s too soon to say." The latter may imply that companies lack the technologies or tracking tools necessary to gain real-time insights into their sustainability performance.

**Top 3 Challenges to Overcome for Future Success**

*EHS Today* asked participants to select the top three impediments to delivering on their sustainability commitments (Figure 6). The most common responses included:

- **Insufficient staffing** – 42%
- **Insufficient funding** – 34%
- **Lack of support from employees** – 30%
- **No meaningful metrics to measure program success** – 30%

Write-in responses provided additional insight into each of the respective pain points. When asked which areas their company should prioritize to advance their sustainability initiatives, respondents said:

- "Keeping employees engaged and informed with goals and expectations."
- "Coordination among departments to work synergistically on our sustainability efforts."
- "Education of employees in sustainability efforts. Only Operational management with existing visibility see, know of, or participate in actual efforts."
- "It is necessary that all employees know what is the sustainability means and how our jobs and tasks contribute with this."
- "More involvement from the employees and take the necessary action on the ones that do not adhere to the programs in place."
- "I feel like management should all be on the same page. We have managers who don’t follow each other."
- "Providing the financial resources and support for identifying and implementing impactful sustainability projects."

It’s clear from the responses that companies need a coordinated plan to address gaps in their sustainability programs, including a commitment to employee training and even the creation of dedicated sustainability leaders.
Overcoming Hurdles
Taking the Next Step Forward

The success of any corporate initiative typically begins at the top. Executive buy-in is essential. At minimum, businesses should have a formal reporting process in place to track their progress internally and, ideally, publish those results publicly. Results from the EHS Today survey suggest companies can do more to demonstrate their commitment to sustainability. Only 36% of respondents publish an annual sustainability report (Figure 7).

Employee education is another deficiency in corporate sustainability programs that businesses must address to foster long-term success. Nearly half of respondents say they...
don’t conduct sustainability educational sessions to ensure all employees understand the company’s goals. In addition, more than half of respondents (51%) say they don’t have a dedicated chief sustainability officer or an equivalent position within their organization. In the meantime, existing staff may have to take on additional responsibilities related to sustainability. Consider that 83% of respondents, say they have a “moderate” to “very significant” involvement in their company’s environmental program.

In the coming years, organizations may need to reprioritize their budgets, educational resources and existing workforce structure to meet market demands for socially responsible business practices.

References


4. Ibid.


About the Survey

Between Feb. 28 and March 17, 2022, EHS Today received 530 survey responses from participants from a wide range of industries, including 26% from heavy and light manufacturing as well as representatives from the construction, education, government, health care, consulting, chemicals and oil and gas industries.

Just over 60% of respondents identified themselves as managers involved in EHS roles or EHS and sustainability roles within their organizations.