

MASTER'S PROJECT REPORT

**Sustainable Corporate Culture
Through Sustainable Human Resources Systems**

by

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ABSTRACT

The research from which this report is based on consists of an analysis of the web site of the top 100 US corporations, as well as a survey mailed to the human resources executive of each of the top 250 US corporations (10% response rate). A primary observation in the findings is the large variation existing among top US corporations when it comes to their commitment to sustainability, and their demonstration of this commitment through the integration of sustainability practices into their corporate cultures. Companies such as Berkshire Hathaway Inc., for example, exemplify a lack of integration of sustainability practices, while companies such as ATT, Inc. and International Business Machines Corp., embody what it means to develop and cultivate a sustainable corporate culture, and reap the benefits of the value this effort brings. In general, the research points to a lack of consensus and understanding of what sustainability means among the top US corporations, and perhaps a lack of prioritization of sustainability issues.

From the website analysis, two-thirds of the top 100 US corporations report on sustainability issues, but only 43% chose to make sustainability immediately visible on their corporate website landing page. The large discrepancy between the number of companies that report on sustainability (67%) and those which have integrated sustainability issues in their corporate mission (5%) or vision (6%) statements may point to sustainability being regarded more as a public relations tool rather than a vital component of corporate culture. There are nonetheless some encouraging findings: executive support of sustainability is strong (both among respondents of the written survey and the web analysis). This kind of support is critical to developing a sustainability-oriented corporate culture.

Human resources as a function should exert stronger leadership. It can facilitate the advancement of sustainability by managing change, starting with the modification of the company's mission statement and/or core values. The human resources function can also accelerate adoption of sustainability by

encouraging the integration of sustainability issues in the various traditional human resources tools such as awards, recognition and compensation programs.

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1.0 INTRODUCTION

In this report, we define sustainability as the combination of economic, social and environmental performance of a company. We further define a corporate sustainability-oriented culture as the characteristics of an organization that behaves and acts with the integration of the three elements of sustainability in mind: economic performance, social responsibility and environmental care. Corporate social responsibility or citizenship refers to corporate self-regulation of business responsibility towards the environment, communities and all stakeholders.

Corporations in America are finally becoming aware of climate change and other looming environmental issues. Corporate social responsibility is gaining momentum. Corporate sustainability is becoming a critical and necessary investment in the corporation's future, not only as a risk management tool, but also as a path to innovation and increased value for corporations. The human resources corporate function is too often considered of secondary importance to the sales, marketing and finance functions. However, human capital has the power to create the necessary cultural corporate shift to push corporations to truly embrace sustainability. How has sustainability been integrated at the human resources strategic management level within Corporate America?

2.0 OBJECTIVE OF RESEARCH PROJECT

The purpose of the research was to demonstrate the value of building a corporate culture of sustainability within the top 250 largest U.S. corporations (from the 2008 Fortune 500 list) and clarify the extent to which these corporations have integrated sustainable practices in their human resources systems. Specifically, I analyzed:

- Which tools and programs are most used and promoted;
- What are the incentives for developing these tools;

- What are the most frequently encountered challenges in implementing these tools;
- What are the environmental, economic and social performance of these corporations;
- The existence (or lack) of any potential correlation between the presence of sustainable human resources programs and economic and environmental performances;
- The presence of any specific industry trends.

Additionally, the report compares the types of programs that are highly visible through the corporate website presence against those programs that are more internally directed. Finally, I review best practices and provide recommendations for further adoption of human resources sustainable practices among the top 250 US corporations.

3.0 MATERIALS AND METHODS

The research used the following three approaches:

3.1 Literature Search

I conducted a thorough literature review of existing best sustainable human resources practices.

3.2 Quantitative Data Collection of Corporate Websites

I performed a detailed quantitative review of the websites of the top 100 US corporations.

Data collection focused on gathering the following information:

- Company demographics, such as 2007 and 2006 revenues and profit change 2007-2006 by sector and industry;
- The sustainability nature of the company's mission statement, vision, environmental policy, and/or core values;

- The visibility (or lack of visibility) of any sustainability theme on the company's website landing page, and what key word was used;
 - The existence of an environmental tagline;
 - The existence of teams engaged in sustainability activities;
 - The presence of absence and robustness of executive support for sustainability programs, and whether or not the CEO mentions sustainability efforts in the annual report and/or sustainability report;
 - The availability of sustainability or corporate social responsibility reports;
 - The existence of community activities information, and
 - The types of tools/programs used and the channels through which they are communicated.
- Qualitative data collection focused on company examples that seemed to offer best practices.

3.3 Survey mailing to top 250 US Corporations

I mailed a survey to the senior human resources executive of each of the top 250 US corporations. The survey requested information on the motivations and beliefs of these executives for implementing (or not implementing) strategic sustainable human resources systems. The survey received the Duke University Institutional Review Board exemption approval in December 2008 and surveys were mailed between January 20th 2009 and February 10th 2009. The mailing included a self-addressed return envelope. See addendum A & B for a sample of the cover letter and survey.

Specifically, human resources executives were asked about their perceptions and outlook on opportunities to integrate sustainability practices within their human resources practices. They were also asked about the existing and anticipated challenges they face with the implementation of sustainability practices within their company. The survey sought to assess the existence of a dedicated

sustainability statement as part of the organization’s mission and values. It identified under which function within the organizational structure sustainability responsibility falls. The survey further quantified commitment from executive management. It recorded the various existing tools used to advance sustainability such as the presence and scope of team structures, reward systems, training programs in the area of sustainability and environmental management, and recruiting practices.

4.0 RESULTS and OBSERVATIONS

4.1 Literature Search

4.1.1 Global 100 Most Sustainable Corporations in the World

The partnership between Corporate Knights Inc. and Innovest Strategic Value Advisors Inc. released in January 2009 a list of the “Global 100 Most Sustainable Corporations in the World” (see addendum C). Ranking is based on how effectively corporations manage environmental, social and governance risks and opportunities, relative to their industry peers. Among the twenty US companies ranked in this global chart, we find the following companies also ranked in the 250 top Fortune list: Advanced Micro Devices, Alcoa, Amazon.com, Baxter International Inc, Coca-Cola Company, Eastman Kodak Company, Dell Inc, Goldman Sachs Group Inc., Hewlett-Packard Company, United Technologies Corporation, and the Walt Disney Company.

4.1.2 Literature findings

A white paper entitled “a new mindset for corporate sustainability¹” analyzes corporate sustainability with an emphasis on innovation. The authors developed an approach called S2AVE (Shareholder and Social Added Value with Environment restoration) to best describe how companies can

¹ Grayson, David; Jin, Zhouying; Lemon, Mark; Rodriguez, Miguel Angel; Slaughter, Sarah; Tray, Simon. 2008. A New Mindset for Corporate Sustainability. White paper sponsored by BT and Cisco.

successfully integrate all three elements of the triple bottom line concept. While the report doesn't focus on sustainability from a human resources perspective *per se*, the conclusions on the recommended steps to achieving S2AVE definitively focus on some of the core elements of human resources strategic management tools: "We conclude that the steps to achieving S2AVE do not rely on extensive re-engineering of the corporate structure but require conviction and vision."² The terms "conviction" and "vision" are indeed core elements of a corporate culture. Out of the ten recommended steps to achieve S2AVE, six are on the agenda of any human resources executives. They deal with company vision, culture, values, stakeholder management, and executive support. Specifically, these six recommendations are:

1. "Make innovating for sustainability a part of your company's vision;
2. Embed sustainability in every part of your business;
3. Set up a body at board level with the power to make sustainability matter;
4. Walk the talk: emphasize actions, not words;
5. Bring your stakeholders on board;
6. Use people power³."

This paper validates the importance of human resources sustainability strategic systems as a means to enhancing value in the corporation.

The article "Driving success: human resources and sustainable development"⁴ offers guidelines to the corporate human resources generalist on how to integrate sustainability into the human resources

² David Grayson, Zhouying Jin, Mark Lemon, Miguel Angel Rodriguez, Sarah Slaughter, Simon Tray. A New Mindset for Corporate Sustainability, a white paper sponsored by BT and Cisco, 2008.

³ David Grayson, Zhouying Jin, Mark Lemon, Miguel Angel Rodriguez, Sarah Slaughter, Simon Tray. A New Mindset for Corporate Sustainability, a white paper sponsored by BT and Cisco, 2008.

function. It analyzes how human resources specialists can add value to the sustainability enterprise by enhancing their traditional areas of responsibility: recruitment, motivation, training and development, incentives and reward program, mission statement and competency development. For instance, the publication suggests integrating sustainability into the recruitment process via job descriptions that include sustainability responsibilities. The publication raises critical incentives question: are executive bonuses linked to social and environmental performances? What is most insightful in this report is the call for human resources specialists to become agents of change to advance the complex agenda of sustainability.

The description of sustainability value derived from sustainable human resources practices is related by Bob Willard in his book “The Sustainability Advantage: Seven Business Case Benefits of a Triple Bottom Line.”⁵ As a former human resources executive at IBM for 34 years⁶, he explains that three of seven areas of potential benefits from the adoption of sustainability practices are related to human resources responsibilities: reducing recruiting costs, reducing attrition costs, and increased employee productivity.

4.2 Human Resources Sustainability through the public eyes

In this section, I review the results of the analysis of the website of the top 100 US corporations from the Fortune 500 ranking of America’s top largest corporations (May 2008).

4.2.1 Demographics

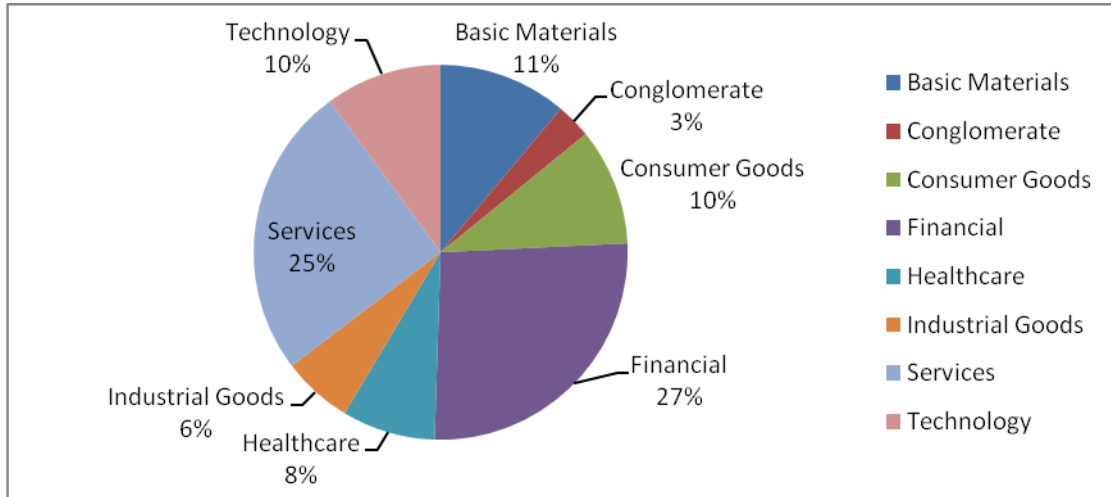
⁴ Driving Success: Human resources and sustainable development. The World Business Council for Sustainable Development (WBCSD), the University of Cambridge Program for Industry (CPI), HRH the Prince of Wales’s Business & the Environment Program (CPI).

⁵ Willard, Bob. 2002. The Sustainability Advantage: Seven Business Case Benefits of a Triple Bottom Line. New Society Publishers.

⁶ <www.hr.com>

Out of 100 corporations, one corporation could not be analyzed due to bankruptcy (e.g. Lehman Brothers Holding). The majority of corporations fell into the financial (27%) and services (25%) sectors.

Figure 1. Sector representation among Top 100 US Corporations



4.2.2 Visibility of sustainability content on the website landing page of the top 100 US corporations

The majority of corporations (57%) do not have any sustainability content on their website landing page. By sustainability content, I refer to the presence of any of the following key words and variations: sustainability, corporate responsibility, corporate citizenship, community, environment, social responsibility, energy and the environment, energy initiatives, health environment and safety and environmental sustainability. For the 43% of corporations that do refer to sustainability on their website landing page, the keywords most often used are “Sustainability” and “Social Responsibility”. There is also a variety of other key words used (see figure 2) which points to a lack of consensus and understanding on what sustainability is and how it should be referred to.

Figure 2: Keywords used on the top 100 US corporations’ website landing page

Keywords	Number of times it appeared on landing page
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Sustainability	11
Social Responsibility	6
Community	5
Environment	4
Responsibility	4
Corporate Responsibility	4
Energy and the Environment	2
Citizenship	2
Global Citizenship	2
Energy Initiatives	1
Health, Environment and Safety	1
Environmental Sustainability	1
Global Citizen	1
Corporate Citizenship	1
Global Corporate Citizenship	1
EcoOptions	1

Three companies had more than one section with sustainability content: Alcoa has three different sections: environment, community, sustainability; BestBuy has two sections: community and responsibility; and Hewlett-Packard has two sections: global citizenship and environment.

Contrasting the visibility of sustainability content on a company's website landing page and its economic performance, 77% of the 43 companies that have sustainability content visible on their website landing page have positive revenue trends 2006-2007, and 64% have positive profit trends 2006-2007. Among the 56 companies that do not have any sustainability related content on their website landing page, 85% have positive revenue trends 2006-2007 and 61% have positive profit trends 2006-2007.

4.2.3 Existence of sustainability reports

57% of the top 100 US corporations have at least one downloadable report related to sustainability. The type of reports ranges from comprehensive sustainability or corporate social responsibility or global citizenship reports to environmental or social progress reports. Some companies

offer several downloadable reports. For instance, Safeway offers a corporate social responsibility report as well as an environmental status report. Another 10% of the top 100 US corporations has no downloadable report but offers sustainability related content on their website. Finally, 33% of the top 100 US corporations do not offer any types of sustainability reports.

4.2.4 Sustainability concept in the mission statement, core values, environmental policies of the top 100 US corporations

Only 6% of the top 100 US corporations have a **mission statement** displayed on their website that includes sustainability content. Among the six companies, only two have comprehensive sustainability content: Johnson Controls claims in its mission to pursue “A more comfortable, safe and sustainable world,” and Archer Daniels Midland seeks “To unlock the potential of nature to improve the quality of life.” The mission statement of the other four companies covers the social aspect of sustainability.

Only 5% of the top 100 US corporations have a **vision statement** displayed on their website that includes sustainability content: Sunoco wants to “Be a respected citizen of community and country”; Coca-Cola defines it as "Planet: Being a responsible citizen that makes a difference by helping build and support sustainable communities”; Chevron aims to “Provide energy products vital to sustainable economic development; the Chevron way”; and Caterpillar says “Our vision is to contribute, through our diverse businesses, to a society in which people’s basic needs are not only met but fulfilled in a way that sustains the environment.”

25% of the top 100 US corporations have **core values** displayed on their website that include sustainability content. At Johnson Controls, one of the values offers a particularly strong statement about sustainability: "Sustainability: through our products, services, operations and community involvement,

we promote the efficient use of resources to benefit all people and the world." 3M also has a solid sustainable statement: "Respect our social and physical environment around the world." For other companies, there is only a reference to the social aspect of sustainability (e.g. CVS Caremark, Home Depot).

28% of the top 100 US corporations have displayed their **environmental policy statement** or environmental principles or commitment on their website. Sunoco's statement reads: "Responsible Citizenship: Conducting our business with the highest standards of ethics, adherence to the law, and 'doing what's right' -- thereby continuing Sunoco's legacy of encouraging a healthy and safe workplace, responsible government, a highly competitive free enterprise system, environmental excellence and community enrichment." Others simply state an Environmental, Health and Safety policy: Valero Energy, for example, says: "Commitment to the Environment: We are committed to producing environmentally clean products, while striving to improve and enhance the environmental quality of our operations within our local communities". Boeing displays a climate change policy. Hewlett-Packard has one of the most comprehensive sets of policies posted online, with "a global citizenship policy", "a supply chain social and environmental responsibility policy", "a supplier code of conduct", "general specifications for Environment", and "hardware recycling standards."

4.2.5 Executive support for sustainability among the top 100 US corporations

In 62% of the top 100 US corporations, the CEO mentions sustainability either in the annual report or sustainability report.

4.2.6 Visibility of community activities on the website of the top 100 US corporations

60% of the top 100 US corporations display community related activities on their website. Specific examples of volunteering programs are sometimes listed. AT&T, for example, offers information on its volunteering programs, as does Lowe's, with a volunteer program called "Lowe's Heroes for a reason."

4.2.7 Visibility of environmental and/or sustainability tagline on the website of the top 100 US corporations

Only eight companies have an environmental and/or sustainability tagline for their brand (see below). These companies have truly integrated sustainability in their strategy. Sustainability is helping them redefine themselves for the future. A good example is Exxon Mobil which has redefined itself from being a petroleum company to a full service energy company. It seems that sustainability thinking at the strategic level of the company has partly helped Exxon Mobil redefine its strategic direction. Following are examples of this trend:

- Exxon Mobil: "Provide Energy, Protect the Environment"; "Protect Tomorrow. Today"
- Pfizer: "Sustainable Health"
- Wal-Mart: "Sustainability 360"
- Dow Chemical: "Responsible Care"
- Johnson Controls: "Sustainability is Our Business"
- Procter and Gamble: "Innovating Sustainably"
- State Farm Insurance Co: "'A good neighbor is a green neighbor™"
- Honeywell International: "Sustainable Opportunity"

4.2.8 Visibility of dedicated sustainability teams on the website of the top 100 US corporations

Only eleven companies describe on their website the formation of teams dedicated to sustainability: Archer Daniels Midland, Boeing, AT&T, General Electric, Exxon Mobil, Bank of America, IBM, McKesson, Goldman Sachs Group, Wal-Mart, and Ford. Some companies have formed teams at the

executive level, such as AT&T: "In the first quarter of 2008, we created a Citizenship and Sustainability Steering Committee comprised of officers from across the company". Others, like McKesson, are trying to involve all levels of employees: according to its website, McKesson has created "Employee Environmental Councils which are organized throughout the company to seek opportunities to mitigate the environmental impacts of business operations in the communities where we conduct business." Companies such as Wal-Mart and Bank of America have chosen to expand their sustainability teams to stakeholders. Wal-Mart specifically works with leaders from the company, suppliers, NGOs, governmental institutions, and academia through their "Sustainable Value" network program. Bank of America's Environmental Council comprises senior bank leaders across business lines reporting to the Chief Executive Officer, and supported by newly developed policies and procedures. The intention is to help customers take actions to address global climate change.

4.3 Human resources sustainability from within the corporation

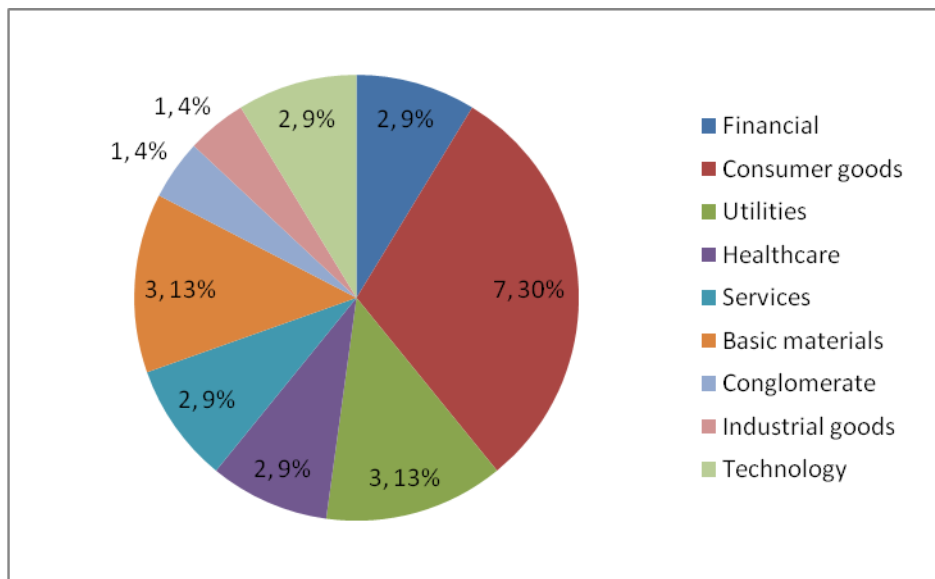
4.3.1 Response rate

Out of the top 250 US corporations listing from the 2008 Fortune 500 ranking, 240 surveys were sent. Ten companies were either acquired or went bankrupt during the sampling. The response rate as of March 12th 2009 is 10%, with twenty-three responses. Seven companies responded but did not reply to the survey.

4.3.2 Demographics of respondents

The majority of respondents are from three sectors: consumer goods, utilities and basic materials.

Figure 3: Sector distribution among survey respondents



4.3.3 Seven respondents responded but didn't participate

Seven companies responded saying they couldn't participate (one phone call, five letters, one e-mail). The reasons listed were:

- "Due to the economic housing market crash, we do not want to release any information at this time;"
- "Cannot participate in graduate research;"
- Two companies referred me to the corporate website for responses to the survey;
- "Unable to participate;"
- Two companies responded they didn't have time to respond.

4.3.4 Overall Quantitative Results

	N	Average
Q1: On a scale from 1 to 5, how committed is your company to sustainability? (1 being not very committed, 5 being very committed)	16	4.7
Q2a: On a scale from 1 to 5, how well understood is sustainability in your	16	4.5

company at various levels? (1 being not very well understood, 5 being very well understood). At the executive level		
Q2a: On a scale from 1 to 5, how well understood is sustainability in your company at various levels? (1 being not very well understood, 5 being very well understood). At the senior/middle management level	16	4.1
Q2a: On a scale from 1 to 5, how well understood is sustainability in your company at various levels? (1 being not very well understood, 5 being very well understood). Below the senior/middle management level	16	3.8
Q3. On a scale from 1 to 5, to what extent has your company embraced the principles of a learning organization? (1 being principles not embraced, 5 being principles largely embraced).	16	3.8
Q20. On a scale from 1 to 5, how important is building a sustainable culture to the future of your company? (1 being not very important, 5 being very important)	16	4.8

4.3.5 Organizational Commitment/Importance of a sustainable corporate culture

Overall, organizational commitment is high among respondents with an average score of 4.7 out of 5. This result may be biased by the fact that companies that have responded are more likely to be committed to sustainability, else they would not have responded. In demonstration of their commitment to sustainability, respondents mentioned the following various examples: the presence of dedicated teams across the company, the publication of sustainability reports, building architecture with LEED certification, green product offerings, green fleet management, use of green cleaning chemicals, the establishment of a sustainability office, investment in extensive energy efficiency programs, comprehensive carbon accounting and disclosure, and the presence of a sustainability statement.

Among respondents, sustainability is best understood at the executive level (average score of 4.5 out of 5), followed by the senior and middle management level (average score of 4.1 out of 5). Sustainability is least understood below the senior and middle management level (3.8 out of 5). One respondent from the consumer goods sector is trying to remediate this lack of awareness and understanding at below the senior and middle management level by piloting a program to measure employees' awareness and engagement in sustainability around the world. As part of this initiative led by human resources, the company encourages each employee to set a personal sustainability goal (PSG) that

can be measured over time. Wal-Mart has a similar program in place to engage its employees by asking them to develop “Personal Sustainability Projects”⁷. By helping employees connect personal and corporate missions, Wal-Mart hopes to reap benefits such as motivation, improved health and morale, and consequently reduced healthcare costs.

In the *Fifth Discipline*⁸, Peter M. Senge describes learning organizations as places "...where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole (reality) together." The question assessing the extent to which companies have embraced the principles of a learning organization scored an average of 3.8 out of 5. Corporations still have to mature to become learning organizations.

There is hope, however, since all respondents agree unanimously that building a sustainable culture is very important to the future of their company (average score: 4.8 out of 5). Some companies realize it is a question of survival in their industries: "...building a sustainable development approach is going to be critical for the entire energy industry and all of the constituent companies;" or "sustainability=survival." Others point to sustainability as being a part of the company's brand. The ability to thrive economically in a competitive world is yet another reason why respondents value a sustainable culture which will help them draw talent, customers, and investors. A few respondents mentioned broader philosophical reasons: "We love kids and we want to leave them a better world!" Finally, when there is executive support, there is strong realization that building a sustainable corporate culture is important.

4.3.6 Mission/Vision/Value Statements

⁷ Makower, Joel. February 2009. The State of Green Business 2009. Greener World Media. <www.greenbiz.com>

⁸ Senge, Peter M. 1990. The Fifth Discipline: the Art and Practice of the Learning Organization. Currency Doubleday.

50% (n=16) of respondents have incorporated sustainability principles in their mission and vision statements. 63% (N=16) have incorporated these principles in their core values and 69% (N=16) of respondents have created dedicated environmental principles. In addition, two companies mentioned the creation of a dedicated sustainability statement.

4.3.7 Organizational Structure

When asked to describe where in the organization sustainability responsibility and authority reside, respondents most often quoted the CEO, an office of sustainability or social responsibility, and/or Senior Management. The second most frequent response was the entire company (three respondents). In one instance, the corporate affairs group was mentioned. In another instance, the entire management layer was mentioned. A company from the consumer goods sector responded that sustainability has been integrated into select departments: operations, communication, marketing and compliance. These results demonstrate that there is likely no dominant sustainability structure in Corporate America. Sustainability is a new initiative for many corporations.

56% (n=16) of respondents have a dedicated sustainability office. The most senior employee in charge of sustainability issues has an Executive title (47%, N=15), a Vice President title (40%, N=15) or a Director (7%, N=15) or Manager title (7%, N=15). The “Executive titles” category includes Chairman, President, CEO, and Chief Sustainability Officer. The category “Vice President titles” also includes Senior Vice Presidents. These individuals report to various executive levels: Chief Counsel, Vice President of Corporate Affairs, Corporate Affairs, EH&S, SVP Planning & Strategy or EVP Social Responsibility. Out of the respondents which do not have a dedicated department, none intends to create an office of sustainability.

87% (N=15) of respondents have an executive sponsor and supporter of sustainability initiatives. The number of employees dedicated to sustainability ranges from 3 to, in two cases, an entire company's personnel.

4.3.8 Sustainable human resources strategic tools

When asked which **sustainable programs and tools** the respondents had implemented in the area of human resources sustainability management, the more traditional tools such as environmental, health & safety training, telecommuting and flex time ranked the highest (see figure 3). Volunteering programs exist in 67% of the companies which responded. It is encouraging to see that 60% of respondents already have sustainability education programs in place. Sustainability education is included in new employee training sessions, and specific internal and external modules (waste water and supply chain management were two examples cited). Awards and compensation programs are lagging behind in popularity. The companies which have such programs in place have generally linked the awards to innovation. One company in the Basic Materials sector reports having a “prestigious sustainability innovation award”, another one (conglomerate sector) offers a chairman's award for innovation. Only 33% of respondents offer sustainability awards programs. Only 27% offer compensation packages directly linked to sustainability performance. One company reports that their incentive plan payments are linked to the company and business unit health, safety and environment performance. Another company reports on the existence of “bonus compensation for achieving economic performance, increasing diversity; safety metrics; engagement”.

Figure 4: Frequency of use of sustainable human resources tools (response to question 15)

	N	Yes	No
Environmental/health and safety hazards training	15	80%	20%
Telecommuting	15	73%	27%
Flex time	15	73%	27%

Employee volunteering benefits	15	67%	33%
Sustainability education	15	60%	40%
Sustainability newsletter	15	40%	60%
Sustainable performance employee awards	15	33%	67%
Compensations linked to sustainability performance	15	27%	73%

Beyond the tools listed above, intranet and corporate newsletter were also mentioned as vehicles for sustainability communication. A company from the consumer goods sector has developed specific programs to educate its employees: “we created our first sustainability report in 2008 and developed a viral marketing campaign to engage employees and their families and friends. For every click to the online report, this company’s foundation donated fifty cents to Keep America Beautiful.” The company reports raising \$8,000 in two months. This is an example of an innovative tool that seems effective in raising awareness of sustainability issues among employees.

71% (N=14) of respondents have **teams** dedicated to sustainability. One company from the basic materials sector, has created climate change issues working groups, which focus on sharing practices and experience among business and functional groups globally. Another company from the consumer goods sector “has established a Sustainability Advisory Board that focuses on advancing their sustainability platforms and how they can improve our communications around this topic. It is comprised of leaders from Operations, Human Resources, Compliance, Legal and Communications.” In other companies, the teams seem more aligned with the traditional health, safety & environment function. Still others have teams dedicated to quality, safety, waste water, and environmental services.

4.3.9 Motivations & Challenges

As demonstrated in figure 5, the primary **motivations** for integrating sustainability into human resources strategic management include fiduciary responsibility and company branding. Three respondents mentioned using sustainability to attract talent. Additional motivations include employee

engagement and retention, cost reduction opportunity, and competitive reasons. Compliance with fiduciary responsibility, ranking first, remains the primary driver. Given the economic environment, it is surprising to see that cost hasn't ranked higher.

Figure 5: Motivations to implement sustainable programs (response to question18):

	N	Yes	No
Fiduciary responsibility	16	94%	6%
Company branding	16	88%	12%
Employee engagement and retention	16	81%	19%
Cost reduction opportunity	16	81%	19%
Competitive reasons	16	81%	19%
Other: stakeholder engagement	11	18%	82%

Additional motivations include: 'It's the right thing to do' (two respondents), employee health and welfare, business growth, community support, social and community, principles, "grow earnings", and recruitment.

There are well-entrenched **challenges** to integrating sustainability in corporate America. First, building continual awareness and understanding across all employee groups is one of the challenges most often cited among respondents. Creating a mindset where sustainable development becomes "how we do what we do" and not an additional work task is perceived as a difficult barrier to overcome.

Second, cost pressures are often mentioned: "Costs are still high for renewable energy and environmentally responsible products". Some sustainability initiatives have long-term payback, or are intangible, and they must contend for resources. It comes with the challenge of "prioritization among many important choices." The current economic environment, combined with the short term expectations of financial performance, is also causing strong pressures onto corporations trying to further their sustainability efforts. One of the respondents from the utilities sector adds: "economic pressures near-

term, financial results versus long term sustainability results. These results do not align with those from the GreenBiz study⁹ which surveyed more than 100 companies in 2008 to determine the influence of current economic conditions on their sustainability strategies and spending priorities. It may be that the early 2009 economic conjuncture is hitting companies harder than anticipated when they filled out the GreenBiz survey in 2008. Indeed, at the time, 47% of the companies surveyed said they were increasingly investing in green product development in 2009, versus 6% the year before. Further, this study reports that when asked about their number one priority for 2009, nearly 4 in 10 answered “reducing energy use through efficiency.”

One company from the consumer goods sector, which has also integrated sustainability in key departments across the organization, describes the difficulty encountered in anticipating outcomes from sustainability initiatives, realizing that sustainability issues are part of a broader system. This company states that “initiating and implementing sustainability programs are complex endeavors in manufacturing and distribution because for any action we take, it may produce unintended consequences elsewhere... So we need to be careful and engage in due diligence before we invest in anyone practice.”

Lastly, the aspect of measurability is difficult in some cases because certain programs have intangible results.

4.4 Overall Analysis

4.3.1. Key differences between publically displayed information and information obtained through the surveys

There is a wide discrepancy in the findings between a corporation’s externally-facing information on sustainability (e.g. corporate website), and the view from inside the corporation (as reflected in the

⁹ Makower, Joel. February 2009. The State of Green Business 2009. Greener World Media. <www.greenbiz.com>.

survey results), especially regarding the integration of sustainability content in the corporation's mission, vision, or value statements, as well as the existence of dedicated environmental principles. While 50% of respondents in the survey claim to have integrated sustainability concepts into their mission statements, only 6% of the top 100 US corporations have elected to integrate sustainability content in their mission statement and display it on their websites. The discrepancy is also valid for stated core values as well as dedicated environmental principles, although less so: 50% versus 28%. Companies seem slow in initiating sustainability-oriented corporate culture through modified mission and value statements despite the fact that executive support is present in 62% of the top 100 US corporations (reference section 4.2.5). Changing the mission and value statements of a company requires buy-in from many levels and functions of the organization, and is naturally a lengthy and difficult process.

Among respondents to the written survey, 71% say they have dedicated sustainability teams while only 11% out of their websites. The formation of teams seems to be one of the most adopted tools to advance the sustainability agenda.

4.3.2. Top adopted practices; least adopted practices

In general, the survey's respondents' human resources functions have done well disseminating sustainability training and volunteer programs (reference section 4.3.8). Volunteer programs are also displayed prominently among the top 100 US corporations' websites (reference section 4.2.6). Health, Safety and Environmental training is very common among all respondents.

One area of improvement is compensation and performance incentives tied to sustainability performance. Very few companies have adopted these practices, let alone displayed them on their website. The human resources function has a leadership role to play in disseminating sustainability strategic tools. Human resources, as a function, needs to better influence the organization.

4.3.3. Which programs drive sustainability?

While some tools are commonly adopted among companies which have embraced sustainability, there isn't one specific program that uniquely drives sustainability. Rather, the development of a balanced and customized portfolio of tools and programs seems more adequate to encourage the development of a sustainability-oriented corporate culture.

4.3.4. Best Practices

The emergence of sustainability learning organizations seems to have the following characteristics:

- The organization offers programs to raise and measure employees' awareness and engagement in sustainability. A best practice example is that of a pilot program developed by the human resource function of a consumer goods company that encourages each employee to set a personal sustainability goal (PSG) that can be measured over time.
- The organization not only trains on the traditional Health, Safety and Environmental subjects but also on sustainable education which is often a core training component of any new employee training session.
- The presence of executive support and modified mission statement and/or core values, validates that the company has fully integrated sustainability in its strategic direction. Home Depot, by offering an EcoOption product line (drawn from the website analysis), offers a best practice example of integrating sustainability into the strategic direction of an organization.
- The deployment of teams throughout the corporation to expand a sustainability agenda seems effective. It is best if these teams exist at both the executive level and lower levels of the

organization, as is the case for IBM (drawn from the website analysis). IBM clearly demonstrates the integration of sustainability across the organization through its two tier team formations. First, a corporate citizenship steering committee oversees overall sustainability strategy and direction. Second, working groups at both the executive and the management levels exist to tackle sustainable issues on a day to day basis.

- The existence of a balanced portfolio of sustainable activities seems to facilitate development of a corporate sustainability culture. Boeing stands out in this area (drawn from the website analysis) through their very complete and sincere commitment to sustainability. One of their values speaks directly to “good corporate citizenship”, with inclusion of protection of the environment and community development. Boeing displays an environmental status report as well as a corporate citizenship report on its website. Boeing also describes employee-led teams involved with driving environmental improvement at sites across the company, and employee volunteering programs in local communities.

- The integration of sustainability in awards and recognition programs is important to reach all levels of the organization. Per the web survey analysis, AT&T stands out in this domain with the “Champions of the Environment Awards”.

- Although not critical, the existence of a dedicated organizational structure is important to raise the importance of sustainability. Whether it is called “office of sustainability”, “corporate responsibility” or “corporate environmental affairs” (JP Morgan website analysis), it reinforces executive messages by putting words into action.

- I believe it is essential for companies to publically state sustainability goals to seal their commitment. Dow Chemical, on its website, articulates well its commitment to 2015 sustainability goals. Such examples of transparency add credibility to the company’s sustainability efforts.

- To raise their credibility, some companies follow their sector’s Guidance on Voluntary Sustainability Reporting. This practice is most common for the Oil & Gas Industry. The guidance is published jointly by the International Petroleum Industry Environmental Conservation Association (IPIECA).

5.0 DISCUSSION

5.1 Low response rate in the quantitative survey

The low response rate (10%) in the quantitative research is insightful: sustainability issues may not be priority issues for human resources executives. Sustainability is not a common responsibility of human resources, and corporate culture takes time to change. In addition, the downturn in the economy may be negatively affecting the adoption of sustainability.

5.2 The understanding of sustainability varies among companies and within the different management level of each company

There is no clear consensus among the top 100 US corporations about what sustainability is or means. As figure 2 demonstrated, among the top 100 US corporations, there are sixteen different ways to refer to sustainability content. There is clearly a wide range of understanding. Some companies are only concerned about the social aspect of sustainability (e.g. SuperValu has only a “community” section on its website landing page). Others clearly demonstrate the three components of sustainability by dedicating, on their website landing page, links to “environment”, “community”, and “sustainability,” as is the case with Alcoa.

Sustainability is not equally understood at all levels of the organization, as demonstrated in section 4.3.5. Commitment and understanding are highest at the executive level and lowest at the ground level of the corporation. Executive support is critical to initiate a corporate sustainable culture.

5.3 Sustainability commitment versus public relations

67% of the top 100 US corporations offer information on sustainability on their website but only 43% choose to make sustainability information immediately visible on their website landing page. In addition, while 67% of CEOs among the 100 top US corporations do mention sustainability-related content in either/or the annual and sustainability reports, in only 5% and 6% of the companies, the CEO has influenced the shaping of the mission and vision statement respectively to include sustainability content. Only 11% of companies display on their website information about the presence of teams within the company dedicated to sustainability issues. One of the reasons could be a lack of prioritization and a real lack of in-depth integration of sustainability content inside the company's corporate culture. Some companies don't hesitate to promote their sustainability achievements on their website, as is the case with United Technologies which advertises prominently its ranking as one the top 100 global most sustainable companies (drawn from the website analysis). Another reason may be that companies are not convinced of the economic benefits sustainability practices can yield.

5.4 Opportunities for broader adoption of human resources sustainable practices

In order to truly develop a sustainability-oriented corporate culture, awareness and understanding of sustainability issues have to be integrated into all levels of the organization, not just the executive and management levels. Programs designed to disseminate sustainability information are critical for any corporation committed to developing a sustainability-oriented culture.

Corporations must treat sustainability as a strategic priority and use the same management techniques to develop a sustainable culture as they would implement when faced with any change management issues.

A strong vision is essential to encouraging the development of sustainability practices within a company¹⁰. Commitment starts with a refreshed mission statement and/or core values that clearly spell out the company's direction and value systems. Human resources should lead this change as it naturally falls under their area of responsibilities.

While there doesn't seem to be a prominent way to structure the organization to build credibility and awareness around sustainability, the creation of a dedicated office of sustainability can help raise the importance of sustainability within the organization, even if just on a temporary basis. Executive sponsorship is clearly required to initiate and strengthen the development of a sustainability-oriented culture.

Repetition of the sustainability message, and a multi-tiered approach to its dissemination, are important to building an authentic culture of sustainability. Respondents to the survey communicate sustainability through many programs, at many levels, not just one. Repetition and consistency can help spread a credible message, and facilitate the development of a sustainability-oriented culture.

6.0 CONCLUSION

- In general, there is a lack of consensus and understanding of what sustainability is among the top US corporations.

¹⁰ Interview with Willard, Bob. 2002. The sustainability advantage: seven business case benefits of a Triple Bottom Line. New Society Publishers. <
<http://www.hr.com/SITEFORUM?&t=/Default/gateway&i=1116423256281&application=story&active=no&ParentID=1119278069914&StoryID=1120080536203&xref=http%3A//www.google.com/search%3Fhl%3Den%26q%3Dsustainability+and+human+resources%26aq%3Df%26oq%3D>>

- Two-thirds of the top 100 US corporations report on sustainability issues but not all chose to make sustainability issues immediately visible on their website landing page. This demonstrates that sustainability issues may not be top priorities for companies, despite the fact that 62% of CEOs make mention of sustainability in annual and/or sustainability reports.
- There is a large discrepancy between the number of companies that report on sustainability (67%) and those which have integrated sustainability issues into their mission (5%) or vision (6%) statements. One of the reasons could be that sustainability is used more as a public relation tool rather than a true cultural agent inside companies. As Adine Mees and Jamie Bunham of the Canadian Business for Social Responsibility states: “ CSR-HR= PR. If employees are not engaged, Corporate Social Responsibility becomes an exercise in public relations. The credibility of an organization will become damaged when it becomes evident that a company is not ‘walking the talk’ .¹¹” Employees cannot be engaged in sustainability issues if they do not know nor understand the company’s strategic direction, and the importance of sustainability to its future. The need for clarity in defining what sustainability means at the employee level starts with clarity in the mission statement, as well as the company’s values. Modifications to the mission and/or value statement should be one of the first tools human resources executives undertake to create a sustainability-oriented corporate culture.
- Building sustainability-oriented corporate culture is a leadership test. As with any change to manage in an organization, this one is no different and requires the same application of change management techniques. For example, to have a chance to fully resonate at all levels of the corporation, the sustainability message needs to be communicated frequently and broadly across the organization.

¹¹ Driving Success: Human resources and sustainable development. The World Business Council for Sustainable Development (WBCSD), the University of Cambridge Program for Industry (CPI), HRH the Prince of Wales’s Business & the Environment Program (CPI).

- It is encouraging to see sustainability issues have been integrated in 25% of the top 100 US corporations' core values.
- Linking sustainability with innovation to fuel motivation will create lasting value for the corporation.
- The human resources function has a leadership role to play in developing a sustainability-oriented corporate culture within their company. The first step human resources leaders can take is to initiate change to the mission statement and/or core values, as well as communicating these changes across the organization. Additionally, they can play an even greater role in the dissemination of a sustainability-oriented culture by encouraging wider adoption of rewards and recognition tools.

7.0 STUDY LIMITATIONS & FUTURE CONSIDERATIONS

7.1 Response rate

A 10% response rate is limiting. The response rate may have been higher if the mailer had been addressed to environment/sustainability/corporate social responsibility personnel, but the intent of the research was to analyze sustainability from a human resources perspective.

7.2 Current economic environment

Given the economic recession, it is likely that sustainability issues have fallen at the bottom of the priority list for companies which are struggling to stay alive. It is difficult to further sustainability goals with the current economic recession. According to a survey conducted by Booz & Company in December 2008 to 828 senior managers, "companies are losing confidence in their leadership's ability to withstand the current economic crisis¹²." The survey further reveals that "40 percent of respondents expect green

¹²

The survey "Why Some Companies Are Making the Wrong Moves" was conducted in December 2008 by Booz & Company. <<http://www.environmentalleader.com/2009/03/04/survey-recession-slows-corporate-green-spending>>

and other corporate social responsibility (CSR) initiatives to significantly slow due to the downturn, while 29 percent of respondents don't believe it will delay green projects.”

7.3 Future considerations

Additional insights into the value of sustainable corporate culture through human resources strategic management tools could be obtained through an in-depth qualitative approach by focusing on a maximum of ten companies. Among the ten, I would suggest selecting Dell, Dow Chemical, Colgate Palmolive, Marathon Oil, Johnson Controls, IBM, and AT&T.

Although not part of this report, it is my hope that this research will be repeated in a few years to witness the broader penetration of sustainable practices within human resources systems.

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<www.greenbiz.com>

ADDENDUM A. Quantitative Research: Sample Cover Letter

Alexandra Rousseau
Duke University DEL-MEM
253 River Street
Cambridge, MA. 02139

Attention: Vice President, Corporate Human Resources
Smithfield Foods, Inc.
200 Commerce St.
Smithfield, VA 23430

February 8, 2009

Dear Sir or Madam:

My name is Alexandra Rousseau. I am a graduate student at the Duke University's Duke Environmental Leadership (DEL) program. My final master's project is focused on understanding the extent to which sustainability has been integrated into human resources strategic management within corporate America.

As you know, corporations in America are becoming increasingly aware of climate change and other environmental issues. Corporate social responsibility and a focus on triple bottom line sustainability (economic, social, and environmental performances) are gaining momentum. Human capital has the power to create a cultural corporate shift to enable corporations to embrace sustainability.

I am interested in learning more about key elements of your company's sustainability practices related to human resource strategic management, your company's executive motivations, where responsibilities for sustainability lie in your organizational structure, and the opportunities and challenges facing management and employees during implementation of sustainable programs.

To understand these issues I have designed a short survey focused on the connection between strategic sustainability and human resources management. I would greatly appreciate your time in filling out the attached survey. Please return it by February 22nd 2009 using the attached self-addressed envelope.

Thank you for your consideration. Please let me know if you have any questions. I look forward to hearing from you.

Sincerely,

Alexandra Rousseau
DEL-MEM 09
Nicholas School of the Environment

ADDENDUM B: Quantitative Research: Sample Survey

SUSTAINABILITY & HUMAN RESOURCES STRATEGIC MANAGEMENT SURVEY

This survey is being conducted by Alexandra Rousseau, a graduate student at the Duke University's Duke Environmental Leadership (DEL) program (<http://www.nicholas.duke.edu/del>). The purpose of this survey is to better understand the extent to which the top 250 US largest corporations have integrated sustainability practices into human resource strategic management.

Your responses to this survey will be used in a research paper that is a requirement to complete a master's degree in environmental management at Duke University. I would very much appreciate it if you would provide your name, title, and the name of your company. This will allow me to track the trends in certain industries and also the titles of the respondents to this survey. However, the results reported will be kept anonymous; neither your name nor the name of your company will be associated with your responses.

You are not obligated to answer every question. Your participation in this research is voluntary. This survey should take approximately 30 minutes to fill out. Should you have any questions, please contact Alexandra at 617-470-4751 or alexandra.rousseau@duke.edu Thank you.

Company name: _____

Your name and title: _____

*In this survey, **sustainability** refers to the combined economic, social and environmental performance of the company, with a special emphasis on environmental management.*

Organizational commitment

1. On a scale from 1 to 5, how committed is your company to sustainability? (1 being not very committed, 5 being very committed) *Please circle your answer.*

Not very Committed			Very Committed	
1	2	3	4	5

Please describe examples demonstrating company commitment:

2. On a scale from 1 to 5, how well understood is sustainability in your company at various levels? (1 being not very well understood, 5 being very well understood). *Please circle your answer.*

At the executive level:

Not very well understood			Very well understood	
1	2	3	4	5

At the senior/middle management level:

Not very well understood			Very well understood	
1	2	3	4	5

Below the senior/middle management level:

Not very well understood			Very well understood	
1	2	3	4	5

3. In the *Fifth Discipline*, Peter Senge describes learning organizations as places "where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole (reality) together". On a scale from 1 to 5, to what extent has your company embraced the principles of a learning organization? (1 being principles not embraced, 5 being principles largely embraced).

Principles not embraced		Principles largely embraced		
1	2	3	4	5

Please explain:

Mission/Value Statement

4. Has your company incorporated sustainability principles in any of the following:

check all that applies

- Mission statement
- Vision statement
- Core values
- Created dedicated environmental principles
- Other: _____
- NA

Organizational structure

5. Where in the organizational structure, does sustainability responsibility & authority reside?

6. What is the title of the highest person in charge of sustainability?

7. Is there a dedicated department within your company focused on sustainability? Yes No

8. **If Yes**, to what organization/function does this department report to?

9. **If No**, does your company intend on creating an office of sustainability? Yes No

10. **If Yes**, in how many years? _____

11. Does your company has an executive sponsor and supporter to drive sustainability practices within your company? Yes No

12. What is his/her title? _____

13. Why has he/she become the executive sponsor of sustainability initiatives at your company? Please explain:

14. How many employees are dedicated to sustainability/environmental management initiatives in your company globally? _____

Sustainable Human Resources Strategic Tools

15. What sustainable programs/tools has your company implemented in the area of human resource sustainability management? *Check all that applies:*

- Environmental/health and safety hazards training;
- Employee volunteering benefits (e.g. employee get a day off for volunteering with local NGO); If checked, please describe:

- Telecommuting
- Flex time
- Sustainability education (beyond compliance); If checked, please describe:

- Sustainable performance employee awards; If checked, please describe:

- Compensations linked to sustainability performance; If checked, please describe:

- Newsletter covering economic, environmental and social trends activities
- Other: please explain _____
- Other: please explain _____
- Other: please explain _____

16. Are there cross functional sustainable teams across the company dedicated to driving sustainability initiatives across the company? Yes No

17. If **yes**, please describe team structure, composition, role, success and challenges

18. What are the motivations of the company to implement these tools? *Check all that applies:*

- Employee engagement and retention
- Fiduciary responsibility
- Cost reduction opportunity
- Other: please explain _____
- Other: please explain _____
- Company branding
- Competitive reasons

19. What challenges does your organization face in driving the implementation of sustainability programs?

20. On a scale from 1 to 5, how important is building a sustainable culture to the future of your company? (1 being not very important, 5 being very important)

Not Very Important			Very Important	
1	2	3	4	5

Please explain why:

21. Please provide any additional comments you would like to share on the connection between strategic sustainability and human resources management at your company:

Thank you for your time. Please return this survey to Alexandra Rousseau, 253 River Street, Cambridge, MA. 002139

ADDENDUM C. Global 100 Most Sustainable Corporations in the World

Source: <http://www.global100.org/2009/index.asp>

Company Name	Country	GICS® Sector
Acciona SA	Spain	Utilities
Accor	France	Consumer Discretionary
Adidas AG	Germany	Consumer Discretionary
Advanced Micro Devices	United States	Information Technology
Aeon Company Limited	Japan	Consumer Staples
Air France-KLM	France	Industrials
Alcoa Inc	United States	Materials
Amazon.com Inc	United States	Consumer Discretionary
Atlantia	Italy	Industrials
Atlas Copco AB	Sweden	Industrials
BASF SE	Germany	Materials
Baxter International Inc	United States	Health Care
BG Group PLC	United Kingdom	Energy
BHP Billiton PLC	Australia	Materials
British Land Company PLC	United Kingdom	Financials
British Sky Broadcasting Group PLC	United Kingdom	Consumer Discretionary
Cable & Wireless PLC	United Kingdom	Telecommunication Services
Cairn Energy PLC	United Kingdom	Energy
Centrica PLC	United Kingdom	Utilities
Coca Cola Company	United States	Consumer Staples
Credit Agricole SA	France	Financials
Daikin Industries Limited	Japan	Industrials
Dell Inc	United States	Information Technology
Deutsche Boerse AG	Germany	Financials
Dexus Property Group	Australia	Financials
Diageo PLC	United Kingdom	Consumer Staples
East Japan Railway Company	Japan	Industrials
Eastman Kodak Company	United States	Consumer Discretionary
Encana Corp.	Canada	Energy
Ericsson Telephone AB	Sweden	Information Technology
FPL Group Inc	United States	Utilities
Fresenius Medical Care AG	Germany	Health Care
Geberit	Switzerland	Industrials
Genzyme Corp.	United States	Health Care
Glaxosmithkline PLC	United Kingdom	Health Care

Goldman Sachs Group Inc	United States	Financials
Groupe Danone	France	Consumer Staples
H & M Hennes & Mauritz AB	Sweden	Consumer Discretionary
Hewlett-Packard Company	United States	Information Technology
Hochtief AG	Germany	Industrials
Honda Motor Company Limited	Japan	Consumer Discretionary
Iberdrola SA	Spain	Utilities
Inditex SA	Spain	Consumer Discretionary
Intel Corp.	United States	Information Technology
Kesko OYJ	Finland	Consumer Staples
Kuraray Company Limited	Japan	Materials
Lafarge SA	France	Materials
Land Securities Group PLC	United Kingdom	Financials
Lend Lease Corp. Limited	Australia	Financials
London Stock Exchange Group PLC	United Kingdom	Financials
Lonmin PLC	United Kingdom	Materials
L'Oreal	France	Consumer Staples
Michelin	France	Consumer Discretionary
Mitsubishi Heavy Industries Limited	Japan	Industrials
Muenchener Rueckversicherung AG	Germany	Financials
Neste Oil OYJ	Finland	Energy
Nike Inc	United States	Consumer Discretionary
Nippon Yusen KK	Japan	Industrials
Nokia Corporation	Finland	Information Technology
Novo Nordisk A/S	Denmark	Health Care
Novozymes A/S	Denmark	Materials
NTT Data Corp.	Japan	Information Technology
NTT Docomo Inc	Japan	Telecommunication Services
Panasonic Corporation	Japan	Consumer Discretionary
PG & E Corp.	United States	Utilities
Pinnacle West Capital Corp.	United States	Utilities
Procter & Gamble Company	United States	Consumer Staples
Prologis	United States	Financials
Prudential PLC	United Kingdom	Financials
Reed Elsevier PLC	United Kingdom	Consumer Discretionary
Ricoh Company Limited	Japan	Information Technology
Roche Holdings Limited	Switzerland	Health Care
Royal Bank Of Canada	Canada	Financials
Sainsbury (J) PLC	United Kingdom	Consumer Staples
Saint Gobain	France	Industrials
Saipem	Italy	Energy

SAP AG	Germany	Information Technology
SCA AB	Sweden	Materials
Scania AB	Sweden	Industrials
Sekisui Chemical Company Limited	Japan	Consumer Discretionary
Sims Metal Management Ltd	Australia	Materials
Smith & Nephew PLC	United Kingdom	Health Care
Sompo Japan Insurance	Japan	Financials
State Street Corp.	United States	Financials
Statoilhydro ASA	Norway	Energy
Stora Enso OYJ	Finland	Materials
Swiss Reinsurance Company	Switzerland	Financials
Telus Corp.	Canada	Telecommunication Services
The Capita Group PLC	United Kingdom	Industrials
The Walt Disney Company	United States	Consumer Discretionary
TNT NV	Netherlands	Industrials
Toppan Printing Company Limited	Japan	Industrials
Toronto-Dominion Bank	Canada	Financials
Toyota Motor Corp.	Japan	Consumer Discretionary
Transcanada Corp.	Canada	Energy
Unilever PLC	United Kingdom	Consumer Staples
United Technologies Corp.	United States	Industrials
Vestas Windsystems A/S	Denmark	Industrials
Wartsila OYJ	Finland	Industrials
Whitbread PLC	United Kingdom	Consumer Discretionary