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OPERATIONALIZING

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Companies big and small have faced challenges implementing comprehensive sustainability strategies for decades. With the ever-changing landscape of sustainability and environmental, social, and governance (ESG) disclosures, voluntary frameworks, and newer regulatory requirements, companies are seeking now more than ever to optimize their efforts and even accelerate their roadmap to net zero¹. But how?

GreenBiz organizers created a novel collaboration forum during the 2023 GreenBiz conference: Bring Your Own Challenge (BYOC). Attendees posted their quandaries on a message board and interested participants signed up for the Roundtable Brainstorm event to identify solutions. Tanis Marquette, Sustainability & ESG Practice Leader for Woodard & Curran, and Kami Power, Sustainability Leader for Spirit AeroSystems, teamed up to post “How to Operationalize Sustainability.”

The GreenBiz 2023 BYOC brought professionals from industry, consulting, and services together to map out how to get sustainability done. Our small group of collaborators included professionals with a broad range of experience implementing sustainability, ranging from less than a year all the way to 30-plus years. We kicked off the roundtable with each member summarizing their initial thoughts on how to approach operationalizing sustainability. Meanwhile, sticky notes began to propagate and organize on the flipboard. What started to emerge was fascinating.

Each participant listed different activities to be completed with at least one activity for each stage of implementation. Paralleling effective strategy development techniques, through incorporation of diverse, cross-functional teams, our BYOC roundtable group represented multiple industry sectors, ranging roles and responsibilities, and career experience. Each person brought a unique perspective and experience that together complement each other into a holistic team-driven outcome with representation from each individual visible in that outcome. With our 100-plus years of collective experience implementing sustainability, we have developed this white paper for your consideration.

Roundtable Participants

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¹ [reuters.com/article/sponsored/the-cso-guide-to-operational-sustainability](https://www.reuters.com/article/sponsored/the-cso-guide-to-operational-sustainability)

Key Steps to Operationalizing—Broad Themes:

- » Industry sharing, best practices, benchmarking, peer networks and community
- » Stakeholder mapping
- » Build the business case through return on investment (ROI)
- » Mapping out ESG risk and maturity of the program
- » Developing a vision, clear milestones, roadmap, and goals
- » Creating the business case, drafting the charter, educating, launching playbooks and workflows
- » Methodology for real-time feedback
- » Tie to internal campaigns

Key Insights	Key Actions/Commitments
Gap between strategy & implementation	Quick Guide “How To” and community
Must be tied to business value & outcomes	Valuation/Business case, ROI
Engage stakeholders	Assess & engage – “Meet people where they are”
Complex and evolving	Continuous feedback and breaking down long-term goals with frequent evaluation

What does Success look like?

- » Clear Vision
- » Right Resources
- » Understand Roles
- » Live Implementation with Demonstrated Results Tied to Business Value

First let’s consider what operationalizing sustainability is—and isn’t. If you search for “operationalizing sustainability,” Google will return several websites directing you to manage your data². While data is certainly part of managing impacts, it doesn’t fully reflect the challenges sustainability leaders face operationalizing their sustainability strategy.

Operationalizing sustainability means an organization has embedded consideration for environmental and social impacts across all business decisions. Collecting and analyzing data isn’t enough to change an organization’s core culture, which is essential for operationalizing sustainability. To fully realize the wealth of opportunity stemming from sustainability and sustainable thinking, companies must integrate sustainability principles into every aspect of business. It is a journey.

As Deze Kenniskaart states in knowledge maps³, measuring sustainability is difficult because the line between sustainable and unsustainable is hard to define, and because sustainability at the product and process level is different than at the system level. Arthur D. Little agrees. Sustainability implementation requires systems thinking⁴—that organizations adopt an ecosystem

² celonis.com/blog/6-steps-to-operationalize-sustainability/

³ kenniskaarten.hetgroenebrein.nl/en/knowledge-map-food-sustainability/measuring-sustainability/

⁴ adlittle.com/en/insights/report/overcoming-challenges-sustainability

approach. It requires integrating indicators, reporting, and tools; redefining culture and building new capabilities; and focusing on innovation and technology as enablers to success.

So, how do you get sustainability done? After reviewing the BYOC group's activities list and conducting a literature search, there are six steps to operationalizing sustainability⁵:

- Discovery and Planning
- Framework Design
- Initial Implementation
- Full Implementation
- Measurement and Adjustment, and
- Evergreen Learning

Across the entire process, our group identified 56 unique activities or tasks to be completed along this journey. I have no doubt we did not capture them all, or that each company may execute them in a different order. Every organization starts the game with

a different hand and is deserving of a unique-to-company implementation to fully operationalize sustainability. However, the enclosed set of activities is certainly a great place to start!

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• Discovery and Planning

Organizations that are implementing sustainability for the first time, or perhaps enhancing an existing program with new initiatives, will need to establish the material issues list and develop appropriate prioritized planning activities to set the strategy.

During discovery, the organization needs to understand the “problem statement,” to use a Six Sigma term. Once the problem is understood, determine the possible solutions or successful outcomes, and understand the activities and tools available (or needed) to drive to success. The “problem” in this case is sustainability implementation. To begin to formulate the plan, benchmark the organization's current state needs against the available solutions and/or outcomes of both the organization as a whole, and also individual functions. Don't forget the secret ingredient: people. Be sure to identify champions early to garner their support for the process. Gauge support from the C-suite and other stakeholders and understand the value a successful outcome will realize for your company. To that end, our team identified the following activities:

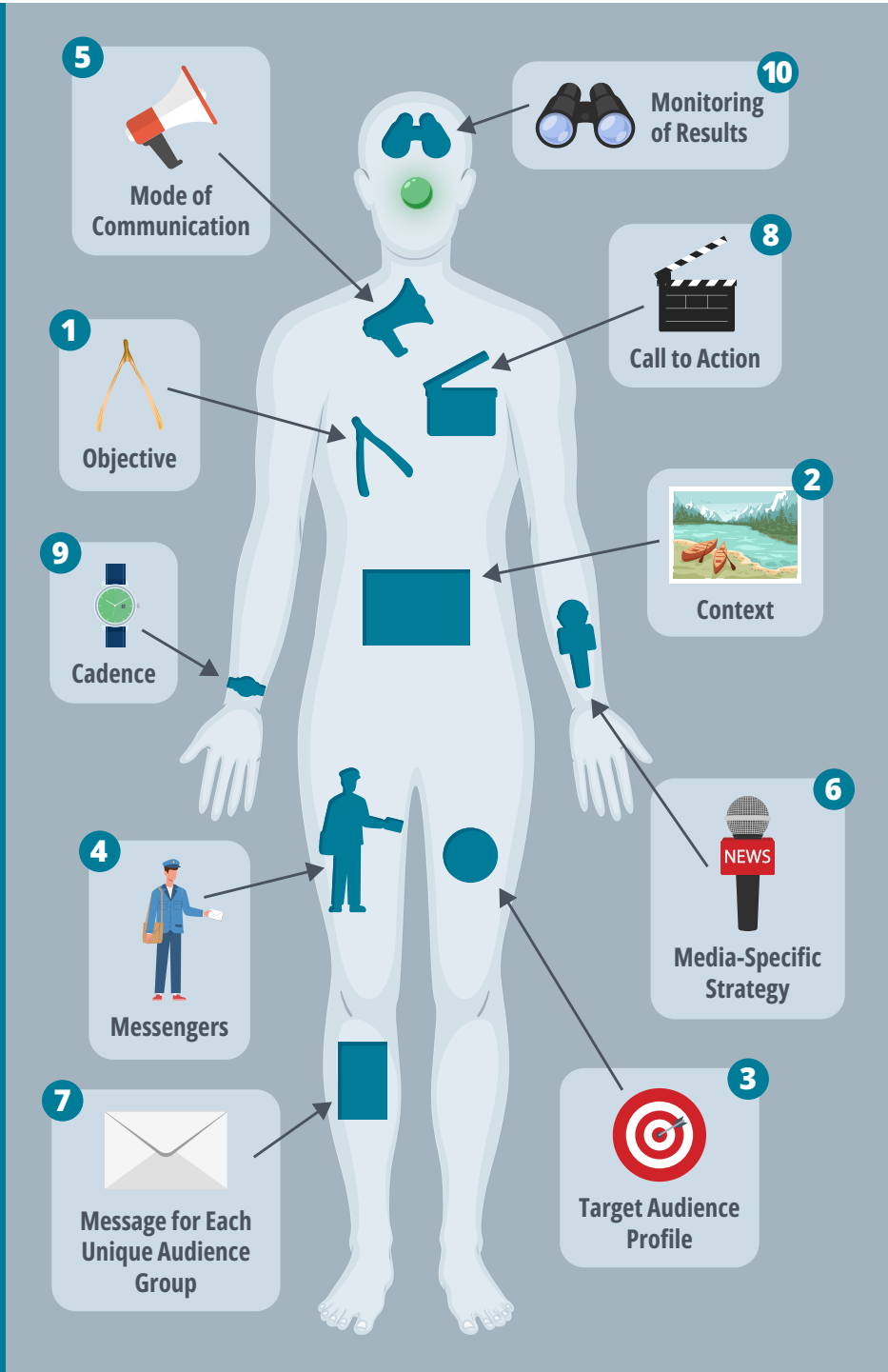
- » Benchmarking industry performance and determine industry and/or organizational materiality
- » Completing a maturity map, including functional maturity, towards determining ESG risk
- » Completing stakeholder mapping and analysis, using as an example “Voice of Customer” or a “Listening Tour” to determine sentiment, readiness, empowerment, and activation drivers (in a pinch, surveys could also be used)
- » Define the vision of success, the value position and return-on-investment (ROI)
- » Survey available solutions both currently in use and new

⁵ Framework 2: Implementation Stages | NIRN (unc.edu)

The outputs of which should be summarized in an internal communications plan supporting the operationalization. Feedback from the communication plan informs the next step. Check out Communication Plan Sam to see the vital parts of an effective communication plan.

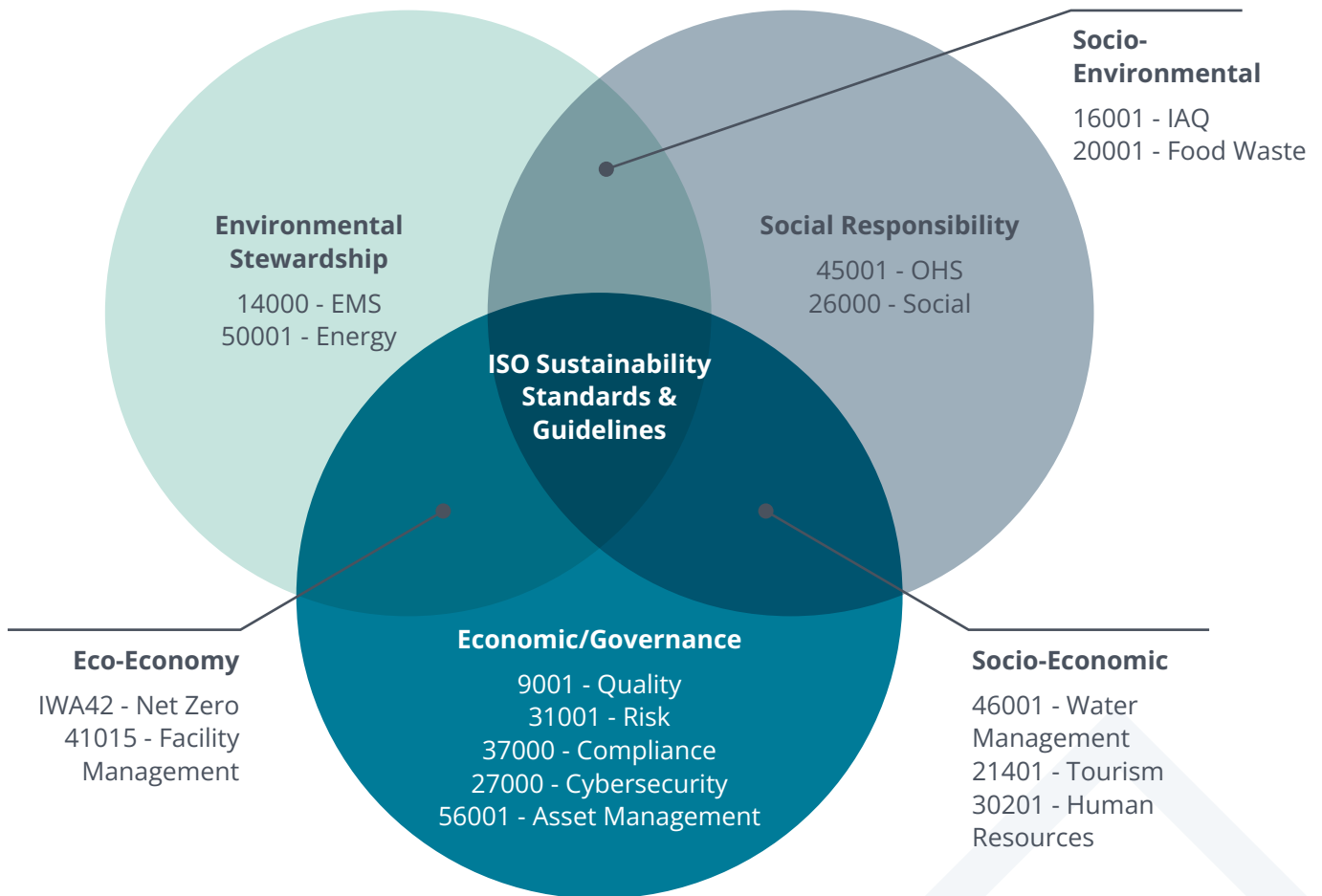
Table 1: The Anatomy of a Communications Plan

- 1 Objective** *(of the plan)*
- 2 Context** *(key events & relatability, why it matters)*
- 3 Target Audience Profile** *(understand perception variation)*
- 4 Messengers** *(credibility, status, expertise, and relationship)*
- 5 Mode of Communication** *(how to share, through which media)*
- 6 Media-Specific Strategy** *(if necessary)*
- 7 Message for Each Unique Audience Group** *(if appropriate)*
- 8 Call to Action**
- 9 Cadence** *(how much, how often)*
- 10 Monitoring of Results** *(KPI)*



Framework Design

Through discovery and planning activities, the team should begin to formulate ideas around the optimum methodology to frame the program and its initiatives. It's like starting a jigsaw puzzle—you've collected your edge pieces and now you can start working on the border. Best practice would have the organization strive to embed all related policies and practices into processes already implemented so management systems are fully integrated and reference each other or an overarching policy. Many companies have already introduced ISO-certified management systems to their organizations. The Venn diagram below shows examples of sustainability and ESG-related ISO management standards and guidelines. (There are numerous others such as anti-bribery or whistleblower that fall under the overarching management standard category and are not listed in the diagram for brevity). Many ISO auditing firms will incorporate the breadth of ISO programs into their review.



Beyond ISO Standards, companies may consider various voluntary and non-voluntary frameworks to guide their program and disclosures.

- » United Nations Sustainable Development Goals (there are 17 goals)
- » United Nation Global Compact
- » Capitals Coalition
- » International Labor Organization (ILO) Principles
- » Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- » Principles of Responsible Investing (PRI)
- » GRI (formerly known as the Global Reporting Initiative) comprehensive reporting standards
- » European Corporate Sustainability Reporting Directive (EU CSRD)
- » European Corporate Due Diligence Directive (EU CDDD)
- » International Financial Reporting Standards (IFRS) that incorporate SASB and TCFD
- » International Sustainability Standards Board's (ISSB) Sustainability Accounting Standards Board (SASB) sector-specific metrics, under IFRS
- » The Task Force for Climate-Related Financial Disclosures (TCFD), incorporated into IFRS
- » The Task Force on Nature-Related Financial Disclosures (TNFD)
- » U.S. Securities and Exchange Commission (SEC) Regulation S-K sections 101c and 105

To ensure implementation responsibility has been effectively assigned, a formal governance structure should be established, and specific initiative accountabilities assigned to the appropriate function or functional leader. Specific roles and responsibilities should be formally assigned along with appropriate communications, reporting parameters, and scheduling. (Reporting in this instance not to be confused with reporting and disclosures of outcomes post implementation.)

As noted in discovery and planning, having a diverse oversight body, such as a sustainability council or committee with representation from all functions and management levels, will increase the potential for creative solutions to the hurdles of implementation the company will face. Organizations may choose to identify a champion within each function as a measure to increase consistent communications.

Initial Implementation

Within the assignment of roles and responsibilities aligned with the strategic initiatives, the organization should identify initial support and success metrics. Determining the level of organizational support for the initial activities is an aspect of implementation that if embraced may reduce the potential for missteps. Functions, champions, and/or teams that are truly vested in the success of initial activities have a greater potential for overall project wins. Being able to then communicate those successes to other internal teams will increase support across the organization, thereby identifying the next phase for implementation.

As early initiatives and projects are identified as success pathways, the metrics and the initiative/project summaries, together with policies, practices and procedures (P³) will ultimately become the basis for both internal and external communications, including the sustainability or ESG report and even potentially inclusion in the financial reporting, e.g., 10-K or annual report.

As organizations begin to implement sustainability P³ for the first time, (or update existing P³) it is important to embrace the maturity of the organization and the ability to absorb sustainability into daily activities. Not all teams or functions will be at the same level of maturity, and some may need a nuanced introduction to the concepts that are the foundation of sustainability or sustainable thinking. One of my sustainability mantras is “Meet people where they are.” This is particularly important as you are introducing what will become a new culture of sustainability within the company. (Maturity should be an element of the internal stakeholder mapping exercise.)

Full Implementation

Building off the successes (and perhaps missteps) of the early initiatives and program introduction, organizations should take opportunity to reevaluate or revisit the sustainability strategy, metrics, and goals and targets. Like in chess, successful implementation requires us to amend our approach as the game goes on. The governing committee or leader should work across teams and functions to ensure each aspect of the implementation balances the appropriate level of aspirational challenge with realistic consideration of the possibilities⁶. Using the successes from the initial implementation allows teams to overcome their hesitation, see themselves in the potential, and creatively embrace the change.

Like in chess, successful implementation requires us to amend our approach as the game goes on.



Just as the initial implementation was likely a multistep, multi-month or even years-long process, the full implementation of a successful sustainability strategy is constantly evolving. Whether it be to align with goals, capital expenditure funding, or the regulatory landscape, the strategy and corresponding culture change will become an evergreen effort. As each year or interim goal passes, reassessing the materiality issues of the organization ensures the strategy remains relevant and delivers stakeholder value.

Measurement and Adjustment

Throughout implementation of the sustainability strategy, data will be generated. Planning for data needs upfront is a critical task that can alleviate later challenges of incomplete data, data not aligned to targets, and multiple variations of the “truth”⁷. What data to collect will be driven by your material issues, industry, goals and disclosure frameworks (both voluntary and regulatory). Some leading organizations are collecting hundreds of data points (metrics) to evaluate and report on the success of their sustainability strategy. Each organization must assess what data is most relevant to its stakeholders and its strategy. Metrics provide a window into the maturity of sustainability implementation⁸. As companies achieve milestones, some metrics may sunset and be replaced with others.

⁶ un.org/sg/en/content/sg/statement/2022-11-08/secretary-generals-remarks-launch-of-report-of-high-level-expert-group-net-zero-commitments-delivered

⁷ ibm.com/resources/sustainability/esg-reporting

⁸ forrester.com/blogs/esgs-footprint-on-business/

Organizations may have systems in place to manage data collection, analysis, and reporting; others may need to incorporate new or different platforms. If your company is considering a new platform, your organization should first develop a rubric of wants and needs critical to managing your data and related disclosures. The traceability of data and its manipulation into various metrics should be a consideration—that is, how to ensure one version of the truth. Other considerations may include ease-of-use, languages, or background calculations (for those reporting greenhouse gas emissions). See *Table 2* for Celonis' perspective on sustainability data management⁹. Ensuring adoptability and ease of use in your ultimate selection is key to long-term successful data-driven outcomes. Organizations, if large enough, may even consider creating a dedicated role for the necessary data analysis.

Table 2: Celonis' Data Priorities

- 1 Think holistically about data and sustainability
- 2 Understand the data gaps
- 3 Add context
- 4 Performance and sustainability coalesce
- 5 Prioritize the big bang, but sustainability is an ongoing and urgent effort
- 6 Sustainability becomes the business



Evergreen Learning

As noted in the previous sections, sustainability implementation and operationalization are an ever-evolving effort. Similar to individual metrics, the sustainability discipline itself continues to increase visibility and highlight the interconnectivity between various elements. Once considered as siloed efforts, organizations are recognizing the interoperability of environmental stewardship, social responsibility, and economic contribution through governance. Organizations should embrace the mindset of a learning organization into their sustainability efforts to ensure all teams and functions stay current to the ever-changing conversation of sustainability.

Resources abound in the sustainability education space. However, I would caution organizations to prioritize conferences or online sources that incorporate real-world experiences into sustainability education. GreenBiz offers multiple conferences a year for sustainability professionals and practitioners to engage with their peers and learn about current events in the sustainability space. Numerous vendors offer webinars showcasing their solutions both at the GreenBiz conferences and through their website. In fact, GreenBiz provides one of the most comprehensive websites for sustainability information and updates on what other organizations are doing to elevate the conversation.

⁹[linkedin.com/pulse/6-steps-operationalize-sustainability-celonis/](https://www.linkedin.com/pulse/6-steps-operationalize-sustainability-celonis/)



Pitfalls

Having provided a rudimentary roadmap to operationalizing sustainability, it is also paramount to acknowledge a few pitfalls that may be encountered. Sustainability reporting has previously been perceived as more of a marketing communication than, for example, a status update to investors on implementation efforts (and of course, there are many other reasons companies publish a sustainability report).

The U.S. Securities and Exchange Commission (SEC) has begun incorporating sustainability into financial reporting. Starting with material human capital impacts and general corporate risk, the SEC has begun comparing company annual reports (e.g., 10K) to the sustainability report^{10,11,12}. Sustainability performance as disclosed in annual reports, sustainability reports, and marketing materials, while intended to reflect and showcase performance against goals, must be substantiated with data-driven analysis with specific pathways to achievement, else organizations risk being perceived as over-aspirational or “greenwashing” by both the SEC and the Federal Trade Commission (FTC).

A widespread example of this aspirational overzealousness, for some, has been Net Zero by 2050 goals, in reference to greenhouse gas emissions. Some companies may have expressed these goals with no identified pathways to success¹³. Those companies are now being called out in the media for their lack of substance behind the goal.

¹⁰ velaw.com/insights/dont-forget-the-g-after-years-of-environmental-and-social-regulations-and-enforcement-the-secs-recent-priorities-demonstrate-a-focus-on/

¹¹ morganlewis.com/-/media/files/publication/morgan-lewis-title/white-paper/2023/2023-current-developments-in-sec-enforcement-for-public-companies.pdf

¹² corpgov.law.harvard.edu/2022/12/27/us-sec-enforcement-2022-year-in-review/

¹³ news.un.org/en/story/2022/11/1130317

Benefits of Operationalizing Sustainability

As your organization continues to implement its strategy, the benefits of sustainability will come into clarity if they haven't already. Building on the benefits presented in Tawnya Baranowski's *How Businesses Evolve by Operationalizing Sustainability*¹⁴, *Table 3* demonstrates the linkage between business benefit and sustainability program implementation. This is by no means the only advantage but offers a few examples to demonstrate the business value of sustainability. The authors encourage you to raise your own company-specific examples across your internal teams and external stakeholders and partners.

Table 3: Benefits of Operationalizing Sustainability

Direct Business Benefit	Sustainability Driver
Increased Revenue: client demand, premium pricing	<ul style="list-style-type: none"> » Customers across all sectors are seeking greener products to reduce their carbon footprint. » Consumers are seeking low-carbon, more sustainable products to align with their values. » Initially, customers and consumers may be willing to pay a premium to purchase more responsible products. » Ultimately, having a portfolio of more responsible, sustainable products will be "table stakes" and whether a company remains open for business.
Decreased Risk: reputational, regulation/litigation	Implementation of robust and rigorous process for data collection and analysis, combined with the ability to substantiate environmental claims and meet regulatory requirements, reduces potential litigation from stakeholders and increase reputation.
Reduced Costs: energy, waste, water	Visibility into energy and water consumption, coupled with waste generation, provides opportunity to drive efficiencies in process at the asset level thereby reducing costs of energy, waste, and water management and ultimately reducing the organization's operating footprint.
Internal walk the talk so you can influence the value chain since 80% of footprint is in the value chain	With increased scrutiny of company sustainability reports, goals, and programs, organizations that have embraced sustainability have an increased ability to influence their value chain towards improved reporting and disclosures which in turn increases the potential to identify hotspots and implement mitigation strategies.

In addition to Tawnya Baranowski's list, we would be remiss if we didn't acknowledge the role strong partnerships contribute to sustainability success. Not only do partnerships further assist your organization in meeting your goals, but they also build more formidable successes. Partnerships offer a lasting benefit both for your company toward capacity building in communities, the value chain, and internally.

¹⁴[linkedin.com/pulse/how-businesses-evolve-operationalizing-sustainability-baranowski/](https://www.linkedin.com/pulse/how-businesses-evolve-operationalizing-sustainability-baranowski/)



Keeping the Conversation Going

Leisure-time references aside, sustainability is surely not a game. Every move we make has the potential to create unseen or unintended consequences. Some are positive, like engaging the local community leading to stronger stakeholder relationships and even recruitment opportunities. Others are devastating, like the double-edge sword of carbon dioxide's impacts on biodiversity—greater concentrations may promote increased vegetation in arid lands, but that plant life can lessen mineral flow to our oceans, making them unsurvivable for some species. Sustainability can feel like an endless game of Whac-A-Mole, but each day we show up day with a mallet improves our outlook. To that I say, "Game on!"

Game On!

While this game board may look familiar, the objective is a little different. In Sustainability, instead of monopolizing real estate, the winning organization establishes ownership over all its impacts. The reward is twofold: competitive advantage, and a healthy, thriving planet.



About the Author



Tanis Marquette is Practice Leader of Sustainability & ESG at Woodard & Curran. A trailblazer in corporate ESG strategy, she has over 30 years of experience operationalizing critical sustainability and environmental health and safety programs for global companies.

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