

Friends,

Corporate social responsibility and institutional sustainability first piqued my interest several years ago when, somewhat poetically, the lights went off. I was in Toronto at the end of March when the entire hotel chain turned off their non-essential lighting for one hour beginning at 8:30 in the evening, local time, to observe Earth Hour. Established by the World Wildlife Fund, Earth Hour<sup>1</sup> is observed by many individuals and corporations globally. Not knowing this at the time, I was inspired by their choice to sacrifice the luxury of lumination to conserve energy and reduce their environmental impact. Indeed, even one hour of the 8,760 in a year, across every hotel in the Marriott International portfolio, creates a measurable impact in terms of sustainability.

With a keen interest in sustainability and corporate social responsibility, I sought to answer the question “As corporations across the globe expand rapidly to meet the demands of a growing world marketplace, how can United States based enterprises use their social, political, and economic capital to enact positive environmental practices in America?”

In researching the above question, I was struck to find that according to the Business and Human Rights Resource Center, 100 corporations have contributed to more than 70% of complete global greenhouse gas emission over the last 40 years. Furthermore, approximately 6% of American corporations account for more than 50% of total profits; a striking statistic considering the sheer volume of business enterprises in the United States. Concurrent with these indisputable facts, the world faces unprecedented challenges related to a changing climate. Indeed, the United Nations finds that corporate powerhouse cities such as New York and Shanghai may find themselves underwater in the near future if no changes are made. Climate change costs the global economy more than 550 billion dollars annually.

Key research related to sustainability indicates that:

- “climate change presents a new, unprecedentedly disruptive, potentially cascading and profoundly uncertain type of change in organizational environments, and that business organizations are currently ill prepared to respond or adapt to such [massive discontinuous change].” (Winn et al., 2011).
- Corporate Social Responsibility is an “obligation to respond to the externalities created by market action’ or ‘discretionary spending in furtherance of an explicit measurable social objective consistent with relevant social norms and laws.” (Oxford Handbook of CSR, 2009).
- “[corporate environmental responsibility] increased firms’ Return of Equity (ROE) and Economic Added Value (EVA) margin by 2.62% and 0.10%, respectively.” (Xu et al., 2021).
- “To integrate sustainability into day-to-day decision-making, companies need to make sustainability a central tenet of their strategy and exercise leadership to reinforce these objectives throughout the organization.” (Epstein, 2018).
- “corporations should consider sustainability performance as a variable in the evaluation of total corporate performance and provide incentives for employees to suggest social and environmental improvements. These suggestions will ultimately lead to corporate profit improvements.” (Epstein, 2018).
- “corporate-[non-profit organization] collaborations can contribute to environmental protection, enhance corporate performance, confer external legitimacy on internal environmental management practices, and transfer knowledge among specialized organizations” (Rondinelli, 2003).

Backed by objective and empirical scholarship, it is obviously time for corporations, specifically those with vast amounts of social and economic capital, to place sustainability initiatives at the forefront of their

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<sup>1</sup> NOTE: For full academic citations, contact [ms3752a@student.american.edu](mailto:ms3752a@student.american.edu).

missions. Not only is placing sustainability and corporate social responsibility the strategic business decision to make, but it is the most sensible. After all, there will come a time, if no action is taken, that there will be no market in which to sell goods and further profitability. Indeed, many of the largest brands including Unilever, Patagonia, Ikea and Nestle realize this and are globally regarded for their commitment to sustainability and corporate social responsibility. Moving corporations towards more sustainable entities will require a whole-of-country approach capitalizing on government action, non-governmental organizations and their wealth of knowledge, corporate capital, and the willingness of citizens to support such a movement.

Based on the above information, I have developed a policy proposal which I view as an incentive for corporations not already engaging in CSR and ESG to make the switch. I propose the following legislative initiatives which would be installed through an Act of Congress.

- Green Initiatives Tax Credits
  - Funds shifting to renewable energy
  - Funds used to create new “green” jobs
  - Funds used establish sustainability projects and initiatives
- Corporate Climate Oversight Commission
  - Oversees the application of green initiatives and drafts regulations based on the aforementioned information.
- Bi-Annual List of Best Practices
  - In consultation with idea leaders and the Corporate Climate Oversight Commission to develop best practices related to CSR, ESG, and sustainability.
- Penalties
  - Tax on carbon emissions over a certain threshold as determined by a nonpartisan commission.

In addition to the public sector action through the above legislative initiative, I also propose the creation of a new private sector body designed to assist businesses in placing CSR, ESG, and other sustainability initiatives at the core of their company culture. Similar to the Business Roundtable, I imagine the body to be composed of key idea leaders who are committed to making measurable progress in sustainability and who have shown dedication to the cause.

Importantly, the only way to reach implementation in any of these proposals is through key alliances with idea leaders who are committed to sustainability. I have identified the members of this list after great consideration selected based on their excellent work and contribution to sustainability across the nation and, in many cases, globally. I have broken down idea leaders into three subcategories of current leaders; government, corporate, and academic<sup>2</sup>.

#### Corporate Leaders

- Mr. Jeff Seabright - *Chief Sustainability Officer, Unilever*
- Ms. Sarah Kauss - *Founder and Chief Executive Officer, S’well*
- Mr. William Wollrab - *Founder and Co-Chief Executive Officer, AllPeople Marketplace*
- Mr. Yvon Chouinard - *Founder, Patagonia*
- Ms. Danielle Azoulay - *Head of Corp. Social Responsibility and Sustainability, L’Oreal*

#### Government Leaders

- Rep. David Joyce - *United States Congressman, Ohio*
- Rep. Ted Deutch - *United States Congressman, Florida*
- Hon. John Kerry - *United States Special Presidential Envoy for Climate*
- Sen. Dianne Feinstein - *United States Senator, California*
- Sen. Chris Coons - *United States Senator, Delaware*

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<sup>2</sup> NOTE: List members are listed in no particular order.

### Academic Leaders

- Prof. John Sterman - *Distinguished Professor, MIT Sloan School of Management*
- Prof. Robert Kaplan - *Professor Emeritus, Harvard Business School*
- Prof. Pamela Matson - *Professor of Sustainability, Stanford University Woods Institute*
- Prof. David Bartlett - *Professor, American University Kogod School of Business*
- Prof. Tensie Whelan - *Director, New York Univ. Stern Center for Sustainable Business*

Beyond the contents of this document, there are a great many more readings related to these topics. I have chosen an anthology of sorts which includes additional suggested supplemental readings. These readings include additional information and background on the topic, as well as various solutions and empirical data.

- *Sustainable Strategies and Net-Zero Goals* - Kaplan, 2022
- *Business Sustainability: Profit-With-Purpose Focus* - Rezaee, 2021
- *Creating High-Impact Coalitions; CEOs Can...* - Kanter, 2022
- *Cradle to Cradle; Remaking the Way we Make Things* - Braungart and McDonough, 2002
- *Corporate Social Responsibility* - Walton, 1967
- *Succeed or Sink: Business Sustainability Under Globalization* - Rowley, 2012
- *University Engagement and Environmental Sustainability* - Osborne, 2014
- *Corp. Social Responsibility and Sustainability: Separate Pasts, Common Future* - Montiel, 2008

The great American poet Billy Collins authored a piece entitled “Today.” Collins writes:

“If ever there were a spring day so perfect,  
so uplifted by a warm intermittent breeze

that it made you want to throw  
open all the windows in the house

and unlatch the door to the canary’s cage,  
indeed, rip the little door from its jamb,

a day when the cool brick paths  
and the garden bursting with peonies

seemed so etched in sunlight  
that you felt like taking

a hammer to the glass paperweight  
on the living room end table,

releasing the inhabitants  
from their snow-covered cottage

so they could walk out,  
holding hands and squinting

into this larger dome of blue and white,  
well, today is just that kind of day.”

Friends, now is the time to act on sustainability to ensure that more perfect spring days such as those that the former United States Poet Laureate describes are ahead of us and not solely behind.

Best regards,

M. J. S.