Module 4

Environmentally sustainable work practices

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Purpose

This module outlines sustainability issues for the financial services industry and identifies areas for change.

Outcomes

At the end of this module you should be able to:

1. Define sustainability and recognise its relevance to the financial services industry.
2. Explain the role of environment, society and economy in relation to sustainability.
3. Explain the key motivators for implementing sustainability practices in business.
4. Understand the role that government plays in environmental legislation and polices.
5. Explain the concept of the Triple Bottom Line and its three-pronged approach.
6. Identify ways of implementing sustainable practices in the workplace.
7. Explain the benefits of sustainability in business.
Assessment

Assessment could include student’s response to the Activities and Case Studies in this module. There is also a short answer quiz and a case study exercise to complete at the end of the module.

Introduction

Over the past few decades, increases in environmental awareness and concern about climate change have caused a fundamental shift in the way companies do business. Large organisations have realised that their impact on the environment has social and monetary consequences. As a result, more and more companies are implementing sustainability principles and practices to deliver business returns and make a positive social and environmental impact.

What is sustainability?

In ecology, sustainability describes how biological systems remain diverse and productive over time. For humans this means finding a sustainable future for societies, industry and the environment. The widely accepted definition of sustainable development is:

‘Development seeking to meet the needs of the present generation without compromising the ability of future generations to meet their own needs.’


This definition has been incorporated into the commitments of most major business organisations around the world, and is endorsed by the Business Council of Australia. Meeting the needs of people today and in the future means considering the “three pillars” of sustainability; economy, environment and society.

In business, the pillars are as follows:

Economy

Encompasses issues conventionally reported in a company’s annual financial report, but also considers matters such as: investments in human capital and research and development, wages and benefits paid, community development initiatives, and the value and location of outsourced goods and services.
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Society

Refers to the interactions between an organisation and the community. It includes such issues such as: employee relations, health and safety, ratio of wages to cost of living, discrimination, Indigenous rights, impact of community involvement and customer satisfaction.

Environment

Includes factors such as: the amount of energy consumed and whether it is renewable, resource and material usage, emissions, effluents and waste management, land use and the management of habitats.

These three pillars are often represented as three overlapping areas of concern, as they are not mutually exclusive and can be mutually reinforcing.
Sustainability in the Financial Services Industry

A recent report prepared for Environment Australia by Price Waterhouse Coopers found a need to increase sustainability awareness in Australia’s financial sector. There is growing evidence of a positive relationship between improved environmental and social corporate performance on the one hand, and improved financial performance on the other.

The Price Waterhouse Coopers report recommended that the Commonwealth Government work with the United Nations Environment Programme Finance Initiative’s (UNEP FI) “Operational Environmental Management” advisory committee to develop ways of promoting the adoption of environmental and social management practices and reporting guidelines by financial institutions.

The UNEP FI is a unique partnership between the United Nations Environment Programme and the global financial sector. Its purpose is to develop and promote linkages between sustainability and financial performance. Research conducted by UNEP FI has found three key factors that motivate businesses to implement sustainability policies:

> **Reputational risk.** Being seen as environmentally irresponsible can result in severe damage to a company’s brand. The opposite however, can attract new environmentally aware customers.

> **Legislation and liability.** There are a growing number of cases where businesses are held liable for damage to the environment or society.

> **Operational costs.** There is a great deal of monetary benefit in implementing energy efficient practices throughout a business.

These three motivators can be incorporated into the sustainability model of society, economy and environment.
CASE STUDY: BP OIL SPILL

A prime example of an event which damaged a company’s reputation is the BP oil spill in the Gulf of Mexico. The explosion on a deep water rig in April 2010 resulted in almost 175 million tonnes of oil spilt into the ocean. The spill affected thousands of species of marine life and shut down the Gulf’s fishing industry.

The oil spill’s close proximity to the United States heightened media attention. The headlines blamed BP and accused the company of gross environmental negligence. In response to the negative press and pressure from the US government, BP executives created a USD 20 billion spill response fund to help with the immediate and subsequent clean-up.

In addition to this, BP is facing almost 220 lawsuits and an estimated USD 90 billion loss in market capitalisation in share sell-off, clean-up and payouts. The stock price of BP fell from USD 60 per share on 20 April to a low of USD 27 on 25 June, before climbing to USD 39 on 5 August, when the oil spill was contained.

BP’s sustainability report in 2008 stated that one of its key values was responsibility:

“We are committed to the safety and development of our people and the communities and societies in which we operate. We aim for no accidents, no harm to people and no damage to the environment.”

This pledge now seems like an empty promise to consumers, and despite BP’s commitment to do all it can to help rectify the disaster, their reputation may be tarnished for years to come.

Questions

1. How do you think BP handled the oil spill? What else should/shouldn’t they have done?
2. Can you think of another example where a company’s image was damaged by an environmental or social incident? Eg. Nike and sweatshops in the 1990s.
Triple Bottom Line Accounting

Incorporating sustainability into a business means expanding the traditional framework for measuring an organisation’s success. Whereas traditional financial models are based primarily on profit, Triple Bottom Line is a set of ideas that balances profit with positive social conditions and the preservation of the environment. The term Triple Bottom Line was coined by John Elkington in 1998 and is also known as TBL or 3BL. It stands for:

People

This term refers to the interests of employees, customers, suppliers, shareholders and the local community. For instance, a business can support and interact with the local community via apprenticeships, sponsorship or donations.

Planet

This term refers to the direct and indirect impacts a business has on the environment. This includes factors such as: waste disposal, land use, the impact on flora and fauna, resource and material usage, recycling, carbon offsets, reuse of materials, and the amount and type of energy consumed. A TBL business will strive to minimise its environmental impact.

Profit

This term balances commercial viability with the principles of People and Planet. It is not limited to the traditional definition of profit (revenue minus costs) but takes a broader view of how the business contributes to the greater economic environment. For example, a TBL business might include in its annual report information about money invested in research and development, or money invested in establishing a parental leave program for staff.

As the above examples demonstrate, TBL accounting can be used to help make decisions or to measure success in a business. Its three-pronged approach is thought to improve the longevity and sustainability of a business.

Although only a recent development in the business world, TBL accounting can reap many benefits for a business. It can create niche markets, branding opportunities and have positive repercussions for communities and the environment. Furthermore, businesses that embrace the principles of TBL are perhaps more sustainable because rather than being founded on a single aim (profit), they take a three-pronged approach (People, Planet, Profit).
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Example

TBL can be a powerful marketing tool. For example, The Body Shop is a global business that was built on the principles of TBL, and in doing so, created a niche market of consumers interested in natural and ethical beauty products. The Body Shop website demonstrates that TBL is an important part of their brand and marketing; “We are constantly launching fabulous new products, sourcing new ingredients and campaigning on social issues. These are just some of the ways we strive to grow our business — both commercially and ethically.”

However, critics of TBL claim it is often marketing spin rather than a genuine business philosophy. As there is no single reporting standard, businesses can choose which data points they report upon.

Example

The large American retail chain Wal-Mart has been praised for its ambitious sustainability policy which includes a ‘sustainability index’ that measures the environmental impact of every single item it stocks. At the same time, however, hundreds of thousands of former Wal-Mart employees have joined class action lawsuits alleging that Wal-Mart forced them to work off the clock. In 2009 they were embroiled in at least 73 class action lawsuits regarding working conditions and labour policies at Wal-Mart stores.

Activity

Many Australian superannuation funds now allow their customers to choose where their superannuation is invested. Some choices include: High Growth shares, Cash shares, Australian shares, Overseas shares, Sustainable Future shares and Ethical shares.

a) Which of these options reflect the concepts of TBL?

b) What are ‘Ethical shares’ and how could they benefit the community?
Activity

Think of a financial services firm or business that incorporates TBL into its decision making. Using newspapers, the internet or annual reports, find an example of how it meets its obligations to the principles of People, Planet and Profit.

Triple Bottom Line Reporting

Triple Bottom Line reporting refers to the analysis and publication of the economic, environmental and social dimensions of a company's performance. In recent years a growing number of private sector organisations and government agencies throughout Australia have adopted TBL reporting.

TBL Reporting can benefit a business in many ways. It can:

➢ Identify weaknesses or gaps in systems, as well as opportunities for improvement.
➢ Provide a more transparent picture of the environmental, social and economic performance of a business and help the organisation build trust within the community.
➢ Improve the image and credibility of the business.
➢ Improve communication with shareholders and customers.
➢ Attract and retain skilled employees.
➢ Create an advantage over competitors.

For example, Teachers Credit Union is one of the largest credit unions in Australia and is a specialist in financial services. They use their website and annual reports to communicate their application of TBL principles, stating that:

“We recognise that success cannot be measured just in terms of profits and growth, but how we engage with and support the community, our members and employees, and how we minimise our impact on the environment.”

To this end they report on member satisfaction, awards received, employee satisfaction, gender pay differentials and contribution to charities. In turn, this boosts their profile and enhances their brand.
**Activity**

Go online and compare the annual report of the Macquarie Group, a leading international financial business, with the annual report of Teachers Credit Union.

a) Which annual report best reflects the principles of TBL reporting? Why?

b) Which style of report do you prefer, and why?

**Case Study: VicSuper**

There are over 300,000 superannuation funds in operation in Australia, and together they manage over $1 trillion worth of assets. VicSuper is a not-for-profit fund that demonstrates the values of TBL accounting in a practical way.

VicSuper has a sustainability policy that aims to “increase member and stakeholder value by taking advantage of VicSuper’s sustainability opportunities, and by decreasing VicSuper’s environmental, social and economic risks”.

Practical applications of this policy include:

- Encouraging staff to participate in volunteering and fundraising activities with local charities via a Community Involvement Program.
- Establishing a Sustainability Covenant with the Environment Protection Authority (EPA Victoria) to work together to protect the environment.
- Conducting free ‘Food for thought’ talks in the local community about issues such as responsible travel, water scarcity, homelessness and food production.
- Initiating energy efficiency measures such as sensor lights, energy-efficient lights and the use of web-based servers.
- Recycling obsolete computer equipment or donating it to charities.
- Purchasing Hybrid company cars
During the 2009/10 financial year VicSuper was able make the following improvements on the previous financial year:

➣ Used 8% less paper in total (including brochures, flyers, forms and other publications for members and employers).
➣ Used 8% less electricity.

VicSuper justifies this approach by stating the long term health of the economy and the environment is essential to provide investment returns to members. According to the website: “Our vision is to build a sustainable superannuation fund. We want to create a super fund that is investing for the future in a way that ensures we have a future.”

Questions

a) What tangible benefits do VicSuper’s policies offer to:
   i) The environment?
   ii) The staff and local community?

b) How do you think VicSuper’s approach impacts on the bottom line (i.e. the profitability) of the business?

c) VicSuper is a not-for-profit fund. What are the challenges of applying TBL accounting in a for-profit business?
Legislation, liability and the role of government

All businesses in the financial services sector must ensure they meet the requirements of government Acts, Policies and Legislation that help to protect the environment.

Some examples of environmental legislation and guidelines include:

➢ Australian Standard Greenhouse Gases.
➢ Global Reporting Initiative.
➢ Corporations Act.
➢ National Greenhouse Reporting Act.

In keeping with international trends, government organisations are playing an increasingly active role in promoting the issue of sustainability within the financial sector. For example, the Victorian Environmental Protection Agency (EPA) hosted the first United Nations Environment Programme Financial Services conference in Australia. The Commonwealth government has also shown leadership in the area of public environmental reporting and was one of the first in the world to establish a Greenhouse Office which deals with policies and programmes relating to climate change.

There has also been an increase in government legislation and guidelines to help businesses implement sustainability policies. The Department of Environment, Climate Change and Water (DECCW) works to improve the sustainability of businesses in NSW. Partnerships such as the Sustainability Compacts and the Sustainability Advantage establish co-operative arrangements that foster business innovation and continual improvement.

The Protection of the Environment Operations Act 1997 (POEO Act) is the main piece of NSW environmental legislation. It covers water, land, air and noise pollution and waste management. Serious breaches of the POEO Act can carry penalties of up to $5 million for a company or $1 million for an individual and/or seven years imprisonment. For example, a business that clears native vegetation without permission or approval from the Department of Environment and Climate Change is prosecuted under the Native Vegetation Act 2003.

Each Australian State has its own environmental protection agency and set of Acts, policies and regulations. However, a strong and innovative regulatory framework is still needed to set standards and prohibit environmentally damaging behaviour.
**Activity**

Research your states environmental agency and policies. Note down any legislation, fines or restrictions in place for businesses.

**VIC: EPA Victoria**

**QLD: Environment and Resource Management**

**WA: Environmental Protection Agency**
http://www.epa.wa.gov.au
or the Department of Environment and Conservation

**SA:**

**NT:**
http://www.epa.nt.gov.au/

**ACT:**

**TAS:**
http://www.epa.tas.gov.au/

**NSW:**
The National Environment Protection Council

The National Environment Protection Council (NEPC) comprises environment ministers from each State and Territory. The purpose of the NEPC is to ensure that:

- Australians enjoy the benefit of equivalent protection from air, water, soil and noise pollution wherever they live.
- Business decisions are not distorted and markets are not fragmented by variations in major environment protection initiatives between member governments.

The NEPC has powers to make National Environment Protection Measures (NEPMs) on:

- Ambient air quality.
- Ambient marine, estuarine and fresh water quality.
- General guidelines for the assessment of site contamination.
- Environmental impacts associated with hazardous wastes.
- The re-use and recycling of used materials.
- Motor vehicle noise and emissions (in consultation with the National Transport Commission).

Greenwashing

Greenwashing is a term used to describe the deceptive use of green marketing (advertising oneself as environmentally friendly) to mislead customers into believing a company’s policies or products are environmentally friendly.

This term is generally used when significantly more money or time has been spent on advertising being ‘green’ or environmentally friendly, than on actually being environmentally friendly.

Under Section 516A of the Environment Protection and Biodiversity Conservation Act 1999, Australian Government organisations are required to include information about their environmental performance and contribution to ecologically sustainable development in their annual reports.

For privately owned businesses, consumers are protected by section 18 of the Australian Consumer Law which states: ‘a corporation shall not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive’. This means that companies could not only face a public backlash for misleading customers, but fines of up to $1.1 million as well.
**Activity**

An accounting firm is advertising itself as ‘environmentally friendly’. The company’s logo features a pine tree in the background and its website advertises the firm as ‘a leader in sustainable practices’. However, its website does not contain any actual policies on the environment and no reports on sustainability are available to the public.

a) Is this a form of greenwashing or is it green marketing?

b) Are consumers in Australia protected from misleading information? How?

### Developing Strategies and Implementing Change

There are many different strategies for incorporating sustainability into a business and not all will apply to every industry or sector. Some strategies include:

- Carbon trading.
- Ecological footprinting.
- Lifecycle analysis.
- Product stewardship.
- Supply chain management.
- Sustainability covenants and compact.
- Green office programs.
- Triple bottom line reporting.

Implementing change begins with understanding the environmental cause and effect of a business’s everyday actions so as to determine the best sustainability strategy.

### Carbon Dioxide and Greenhouse Gases

A greenhouse gas is a gas in the Earth’s atmosphere that absorbs and emits radiation and greatly affects the temperature of the Earth. Greenhouse gases include water vapour, methane, nitrous oxide, ozone and carbon dioxide. Since the beginning of the industrial revolution, the burning of fossil fuels...
has increased the levels of carbon dioxide in the atmosphere from 280ppm to 390ppm. It is believed that these increases are the cause of **global warming**.

Reducing the amount of carbon dioxide and other pollutants is one of the main sustainability goals in businesses today. The following are ways in which governments and businesses are working together to reduce carbon emissions.

**Carbon Trading**

Carbon trading (also known as cap and trade) is a market-based approach used to control pollution. It provides economic incentives to corporations for achieving reductions in carbon emissions. It can be broken down as follows:

- **Carbon Offset**
  - Carbon trading aims to prevent increases in environmental carbon dioxide by offsetting carbon-emitting activities with carbon-conserving activities.

- **Credits**
  - A nation or business entity that has reduced its carbon emissions significantly below a set level may sell the offset as carbon credits to another entity that has yet to reduce its carbon emissions to the required level.

- **Application**
  - An entity that receives money in exchange for its carbon credits will then use the money to launch or support a project intended to reduce carbon emissions, increasing the overall positive impact on the environment.

- **Advantages**
  - Carbon trading allows entities that cannot directly reduce their own carbon emissions to contribute to the efforts of other entities, allowing them to make an indirect but measurable impact on carbon dioxide reduction.

- **Disadvantages**
  - A global framework for trading is yet to be formulated.
  - As most of the trading happens in international markets, it is tough for some regional businesses to follow this system.
  - Some businesses are unwilling to adopt this system, as they do not want to incur costs that cannot be passed on to their customers.
**Examples**

A hypothetical example of carbon trading is an energy company buying carbon credits to pay for the construction and operation of a commercial wind turbine.

Another example is a large factory offsetting the carbon it produces each year by planting the equivalent amount of trees needed to absorb the carbon dioxide.

The **National Greenhouse and Energy Reporting Act 2007 (NGER)** established a national system for reporting greenhouse gas emissions, energy consumption and production by corporations from 1 July 2008. Its development was initiated through the Council of Australian Governments in 2006. Data reported under the NGER Act will underpin the Australian Government’s Carbon Pollution Reduction Scheme.

In conjunction with the NGER, the Australian Standard on Greenhouse Gases contains provisions which are based on existing Australian and international standards and Australian legislation. The Standard specifies:

➢ The types of carbon offset that constitute genuine, additional emissions reductions in the context of the Carbon Pollution Reduction Scheme (CPRS).
➢ The general principles and requirements for calculating the carbon footprint of a product or organisation.
➢ The requirements for the transparent recording of a carbon footprint, measures taken to reduce emissions and the amount reduced, the emissions amount offset, and the type of carbon offsets purchased and retired.

On 27 April 2010, the Prime Minister announced that the Government had decided to delay the implementation of the CPRS until after the end of the current commitment period of the Kyoto Protocol and only when there is greater clarity on the action of other major economies including the US, China and India.

Critics have said the decision to postpone the implementation could lead to a delay in achieving meaningful emissions reductions and increase the cost of transition.
Activity

Some Australian airlines offer a carbon offset program. When you book your airline ticket you are presented with the option of paying a small surcharge to offset the carbon emissions of your flight.

a) How does the carbon offset program relate to the concept of TBL?

b) How could the results of this program be reported back to the community or shareholders?

c) Do you believe this is a genuine program or a green marketing tool?

Ecological footprint

The ecological footprint is a measure of human demand on the Earth’s ecosystems. It compares human demand with the Earth’s ecological capacity to regenerate. Conceived in 1990 by Mathis Wackernagel and William Rees at the University of British Columbia, the ecological footprint is used by scientists, businesses, governments, agencies, institutions, and individuals to monitor ecological resource use and to advance sustainable development.

When businesses look at reducing their ecological footprint, they are looking at reducing the amount of carbon emissions and waste generated by their daily activities, rather than offsetting them.

Here are some ways in which businesses can reduce their ecological footprint:

➢ Innovative workplace design
➢ Changing procedures and behaviours in the workplace e.g teaching staff about correct recycling procedures
➢ Switching to energy efficient technology
➢ Using alternate, renewable energy sources such as solar power
➢ Reducing, reusing and recycling

Activity

Case Study: Commonwealth Bank

Although banks are not an obvious example of environmental polluters, they are large consumers of energy and resources. The Commonwealth Bank of Australia is one of a number of banks that have made sustainability promises over the last few years in an effort to improve their image. The rationale for doing this is that aligning corporate objectives with society’s needs is likely to generate sustainable growth in shareholder value over the long term.

The bank describes its approach to sustainability as playing an important role in “building and sustaining Australian society, and creating a sustainable future.” They “aim to deliver long-term value to the Group’s key stakeholders, customers, shareholders and the community.”

One of their strategies is to create environmentally friendly offices and branches. In 2010 the bank moved approximately 4,000 staff into new offices in Sydney Olympic Park. The precinct’s three buildings have an environmental focus, with the following design features:

➣ They use energy-saving features and materials such as paints and carpets that are low in volatile organic compounds and high in recycled content.

➣ One building has achieved a 4.5-star NABERS rating, and a second has been designed to certify as a 5-Green Star building for interior design and tenancy.

➣ Food waste from the kitchens and cafes are delivered to the team at Earth Power, who convert them into green energy and nutrient-rich fertiliser.

➣ One hundred per cent of the toner cartridges used are recycled by Ricoh, and spent light globes are recycled.

The environmental initiatives also involve Commonwealth Bank staff. They are encouraged to recycle mobile phones, swap plastic bags for calico ones, and are involved with activities including Clean Up Australia Day and a tree-planting day organised in association with the Parklands Foundation.

Questions

➣ Does the Commonwealth Bank’s sustainability policy cover the environment, economy and society? How?

➣ In what ways are they reducing their ecological footprint?

➣ How does having environmentally designed office buildings benefit the bank in the short and long term?
Green Office Program

Green Office programs have been implemented in organisations all over the world in order to promote cultural change and encourage staff to play their part in environmental sustainability.

Here are a few steps towards a greener office:

➢ Purchase recycled paper, remanufactured printer cartridges and other environmentally friendly products.
➢ Purchase socially responsible, locally-produced, fair trade and organic products.
➢ Reduce paper usage through actions such as double-sided photocopying or printing, and using once-used paper for all drafts, notes and internal documents.
➢ Reduce energy usage through actions such as activating power management settings and switching off computers, lights and equipment when not in use.
➢ Use durable crockery, cutlery, cups and bags to avoid unnecessary waste from non-biodegradable disposables.
➢ Recycle just about everything, including paper, bottles and cans, printer cartridges, cardboard, batteries, IT and furniture.
➢ Promote sustainable transport by encouraging employees to walk, cycle, catch public transport or carpool to and from work and meetings.
➢ Promote environmental responsibility amongst new staff, students, visitors, contractors and suppliers.
➢ Promote wellbeing by encouraging employees to participate in activities that promote a work/life balance.

Activity


➢ Can these suggestions be implemented at your workplace or school?
Green Purchasing

The market for environmental goods and services has grown significantly in Australia in recent years and a number of studies have highlighted increasing consumer interest in the area of more sustainable products and services. There are many drivers that support the move for organisations to buy green, including reputation, environmental risk exposure, and cost saving opportunities, as well as staff and stakeholder expectations.

**Example:**
**Whitehorse City Council Staff Training**

Whitehorse city council staff are trained to purchase green goods and services. The Council also has a team of Eco Leaders from different departments who meet regularly to share information about environmentally preferable products and work practices.

General reminders to use green products and materials in council works are also promoted on the intranet, at staff inductions and through training on the purchasing system. Each year staff from various departments are invited to attend a briefing on the green purchasing policy incentives and encouraged to include green specifications in their purchases in the year ahead.

**Activity**

List some of the benefits of green purchasing outlined in the Australian Government Environmental Purchasing Guide that can be found at www.environment.gov.au
CASE STUDY CONTINUED: COMMONWEALTH BANK

In May 2009 the Commonwealth bank was awarded $5.1 million from the Australian Government’s Green Building Fund to help improve the energy efficiency of the commercial office buildings under its management. $2.7 million was specifically allocated to 385 Bourke Street in Melbourne, a property in the listed vehicle Commonwealth Property Office Fund, to implement its wind array proposal.

The first of its kind in Australia, this innovative scheme to construct wind turbines on top of the 41-storey tower, is designed to deliver a 30% improvement in energy efficiency for the base building.

Questions

➢ Is this an example of green purchasing, green marketing or both?
➢ Wind turbines are an example of alternative renewable energy sources. Research two other kinds of alternative energy sources.
Benefiting from sustainability practices

Implementing sustainability practices is not just good for the environment, it is good for business. Developing sustainability reports and making them freely available to the public is a good way of presenting a positive company image. The main benefit of undertaking environmental reporting is that it greatly improves relations with the community and key stakeholders. The process of developing a report often also uncovers opportunities for improvement in environmental performance, efficiencies in operations and monetary savings.

The following case study demonstrates how measuring and evaluating sustainability can help benefit a business.

**Case Study: Insurance Australia Group (IAG)**

IAG operates in Australia and New Zealand, providing personal, compulsory third party (CTP) and commercial insurance as well as retirement solutions. IAG posted a profit of $62m for the half year to December 2002.

IAG has embraced a sustainability action framework that focuses on creating value for the business and for society. A key business objective is to reduce the size, frequency and ultimate cost of claims. Being more proactive in areas such as preventing workplace accidents, mitigating against climate change and promoting safer communities can translate directly to a lower claims burden.

The insurer conducted extensive research into its sustainability ‘baseline’ and looked at workplace safety and environmental performance. Subsequently it has developed and implemented corporate safety and environmental targets that focus on reducing injuries and accidents, it also cut its paper, fuel and energy use, and minimised carbon dioxide (CO2) emissions.

The company developed a process for measuring and evaluating their sustainable practices. This process is summarised in the table opposite.
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<td>Reduce claims costs and supply chain eco-impact</td>
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<tr>
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<td>Reduce claim size and frequency, enhance reputation</td>
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<td>Increase GWP</td>
<td>Attributable to SEC Net Tangible Benefit ($)</td>
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The business value created as a result of IGA’s sustainability initiatives is rigorously measured and financially evaluated wherever possible. As well as providing accountability and incentive, this allows the company to understand the long-term connections between its sustainability-related initiatives and business opportunity and growth.
Summary

Sustainability practices benefit businesses in the following ways:

Financial
➢ Cost savings.
➢ Increased efficiency and competitiveness.
➢ Reduced waste treatment costs.
➢ Less expenditure on raw materials, energy and water.
➢ Reduced environmental liability.
➢ New market opportunities for ‘green’ goods and services.

Environmental
➢ Reduced environmental impacts.
➢ Reduced pollution and waste.
➢ Reduced use of natural resources.
➢ Reduced use of toxic chemicals.

Social
➢ Better worker Occupational Health and Safety.
➢ Better public image.
➢ Better relations with the community.
➢ Better relations with regulators.

Companies can incorporate sustainability into their business by:
➢ Reducing their carbon footprint.
➢ Using Triple Bottom Line accounting.
➢ Creating a ‘green office’.
➢ Using resources that are renewable, recyclable and reusable.
➢ Involving employees and the community.
➢ Following relevant guidelines and government legislation
Qantas hopes rubbish-burning biofuel plant will fly

Steve Creedy

From: The Australian
January 04

QANTAS is planning to build a biofuel plant in Sydney which will burn rubbish in an effort to power the airline’s fleet with greener fuel.

The airline has teamed with US fuel supplier Solena to investigate the construction of the world’s second commercial waste biofuel plant in Sydney, a move that could create 1200 jobs according to The Australian.

It is one of two biofuel projects Qantas is assessing as it moves to cut its carbon emissions and meet airline industry guidelines of improving fuel efficiency by 1.5 per cent a year to 2020 - or even a tougher UN target of 2 per cent. It is understood the other project involves using crops to make biofuel in what Qantas hopes could become a sustainable industry.

Airlines, which account for about 2 per cent of global man-made carbon emissions, want to be carbon neutral from 2020 and have set a target to halve 2005 emission levels by 2050.

The Solena joint venture would aim to convert commercial waste to biofuel using the Fischer-Tropsch (F-T) method, a 1920s German process used to produce synthetic jet fuel from coal in South Africa and gas in Qatar.

Unlike synthetic fuels, however, biofuels produced by the F-T process from waste have a lower carbon footprint over their production lifecycle than traditional jet fuel.

A similar plant being built with British Airways in London, due to come on line in 2014, will convert up to 500,000 tonnes of waste a year into 73 million litres of green jet fuel - enough to power 2 per cent of BA’s Heathrow fleet.

The plant will use scraps and other household material such as grass and tree cuttings and agricultural and industrial waste as a feedstock for the fuel.
Solena estimates the process offers lifecycle greenhouse gas savings of up to 95 per cent compared with fossil-fuel derived kerosene. It says the annual CO2 savings from the fuel it produces will be the equivalent of taking 48,000 cars off the road. Projected CO2 savings of 550,000 tonnes a year include 250,000 tonnes from a reduction in waste sent to landfills, 86,000 tonnes from 20 megawatts of electricity a year generated from tail gas produced by the F-T process and 72,000 tonnes from a byproduct, naptha.

The plant will emit oxygen plus small quantities of nitrogen, argon, steam and carbon dioxide but will be CO2-neutral. There will be added advantages to the airline because it will be able to use its own waste to produce fuel.

Qantas has had a long-standing interest in biofuels and is a member of the global Sustainable Aviation Fuel Users Group.

Spokeswoman Olivia Wirth said the airline was closely involved with other industry stakeholders in a “road map” study into sustainable aviation fuel development in Australia.

“Under an agreement with Solena Fuels, we have committed to investigate the feasibility of a waste-based aviation fuel production plant in Australia,” Ms Wirth said.

“We expect to produce a business case for such a plant within 12 months. While we are still in the early stages of this project, the possibilities are exciting.”

Qantas will also be talking to governments about their involvement in its alternative fuel plans.
Module 4: Environmentally sustainable work practices

Short Answer Quiz

1. Define sustainability.
2. What are the ‘three pillars’?
3. What are the three key things that motivate businesses to implement sustainability practices?
4. What does the term ‘Triple Bottom Line’ stand for?
5. Name three ways Triple Bottom Line reporting benefits businesses.
6. What is The Protection of the Environment Operations Act and what does it cover?
7. What is Greenwashing?
8. Explain carbon trading.
9. How can businesses reduce their ecological footprint?
10. What is the purpose of a green office program?
11. How do sustainability practices benefit businesses?
Case Study Exercise

Throughout this module you have been presented with numerous case studies and examples of various businesses implementing sustainability practices.

You must now find and research your own case study. The case study can be a business from any industry that has a detailed sustainability policy. Use the internet, newspapers and the library to develop ideas and choose a company. It could be a school, council, small business or a large internationally known company.

The case study must incorporate the following information:

➢ The company’s name, location and size
➢ What type of business the company conducts
➢ What sustainability practices and policies does it have in place and where can that information be found?
➢ Give examples of the company’s sustainable efforts in the environment, in society or with people
➢ Does it incorporate Triple Bottom Line practices? How?
➢ How are their sustainability practices benefiting the company? Are there any negatives?
➢ What else do you think the company could be doing to improve their ecological and carbon footprint?

You might want to think about including tables, diagrams and pictures to demonstrate your company’s sustainability progress.