
Growth
through
innovation
Members' Weekender 2013
Manchester 17-18 May
aat.org.uk/weekender
Sponsored by
MAZARS
AAT is a registered charity. No. 1050724
aat

Sustainability in practice

Chris White

smarterbusiness
a service from Groundwork Environmental Services (Cheshire) Ltd

GROUNDWORK CHESHIRE

Sustainability by definition

Sustain: verb; to holdup; to bear; to support; to maintain; to sanction; to keep going; to keep up; to support the life of; to prolong. Adjective sustainable.

Sustainability: a number of definitions exist in my view the best one;

Environmental sustainability is the rates of renewable resource harvest, pollution creation, and non-renewable resource depletion that can be continued indefinitely. If they cannot be continued indefinitely then they are not sustainable.

Measures of resource use

How many planets are needed to sustain your life style?

- Typical UK individual is 2.5
- Average US individual is 4
- UK Professionals over 4

Drivers behind sustainability in business

Global Resource Shortages

Increased Energy Costs

Stringent Environmental Legislation

Customer Awareness and Boycotts

Global Energy Shortages and Security

Peak Oil

The point in time when the global production of oil reaches its maximum rate, after which production will gradually decline

Energy Security – we are currently reliant on politically unstable countries for the supply of global oil

Global Competition – rapidly developing industrial nations (China, India, Brazil, South Korea) have shown an increased demand for energy

Increased Cost - oil prices were *stable at* $12 per barrel in 1998 but rose to a peak of $150 per barrel in 2008. An increase of 1250%.

Sustainable business characteristics

Long term vision

Successful and profitable

Proactive and interactive

Innovative and adaptable

Cost efficient and productive

Attractive with loyal customers

The 3 Pillars of Sustainability

Social Justice

Economic Viability

Environmental Stewardship

People

Profit

Planet

The 3 Pillars of Sustainability

People – The evolution and progress of society depends on the people within them. People are our greatest asset

Profit – Economics and capitalism have been the drivers of material progress and the means by which resources have been allocated. This role cannot be ignored and needs to be used

Planet – the source of wealth and our on going existence

UK Government Actions

Numerous policies for sustainable development:

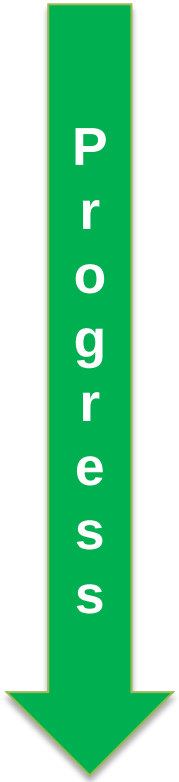
- Participated in the Rio Earth Summit 1992 –Agenda 21
- Sustainable Development Opportunities for Change 1998
- A Better Quality of Life: A strategy for Sustainable Development for the UK 1999
- Securing the Future: UK Sustainable development Strategy 2005
- Kyoto Protocol responses including a series of Acts passed related to Climate Change and Energy which has led to regulations to encourage the take up of renewables or discourage consumption

The Government's energy and climate change policies will help meet the UK's carbon reduction commitments; keeping the lights on through a diverse energy mix and placing the British economy at the leading edge of a new booming global green energy market worth around £3.3 trillion and growing larger every year.(Edward Davey)

Public Perception

- Energy Policy Flawed
- The energy policy conflict at the heart of government
- Does Britain actually have an energy policy?
- There is an over reliance on financial drivers
- Other policies don’t support sustainability

How do organisations currently manage sustainability



- Most don't
- Do the minimum to remain an acceptable supplier in someone else's system.
- Appoint a specialist manager/director
- Use a current environmental management system
- Integrate into the business plan and report to shareholders qualitatively.
- Use triple bottom line accounting or similar methods.

What to do

Act Now

Decide what's important to your business

Interact with your stakeholders

Choose areas of focus and set targets

Begin measuring and analysing

Develop creative partnerships

Increase your transparency

Review you success, reset your targets and talk about it

Step one: Act now

Decide what's important to your business – link this to what your business does

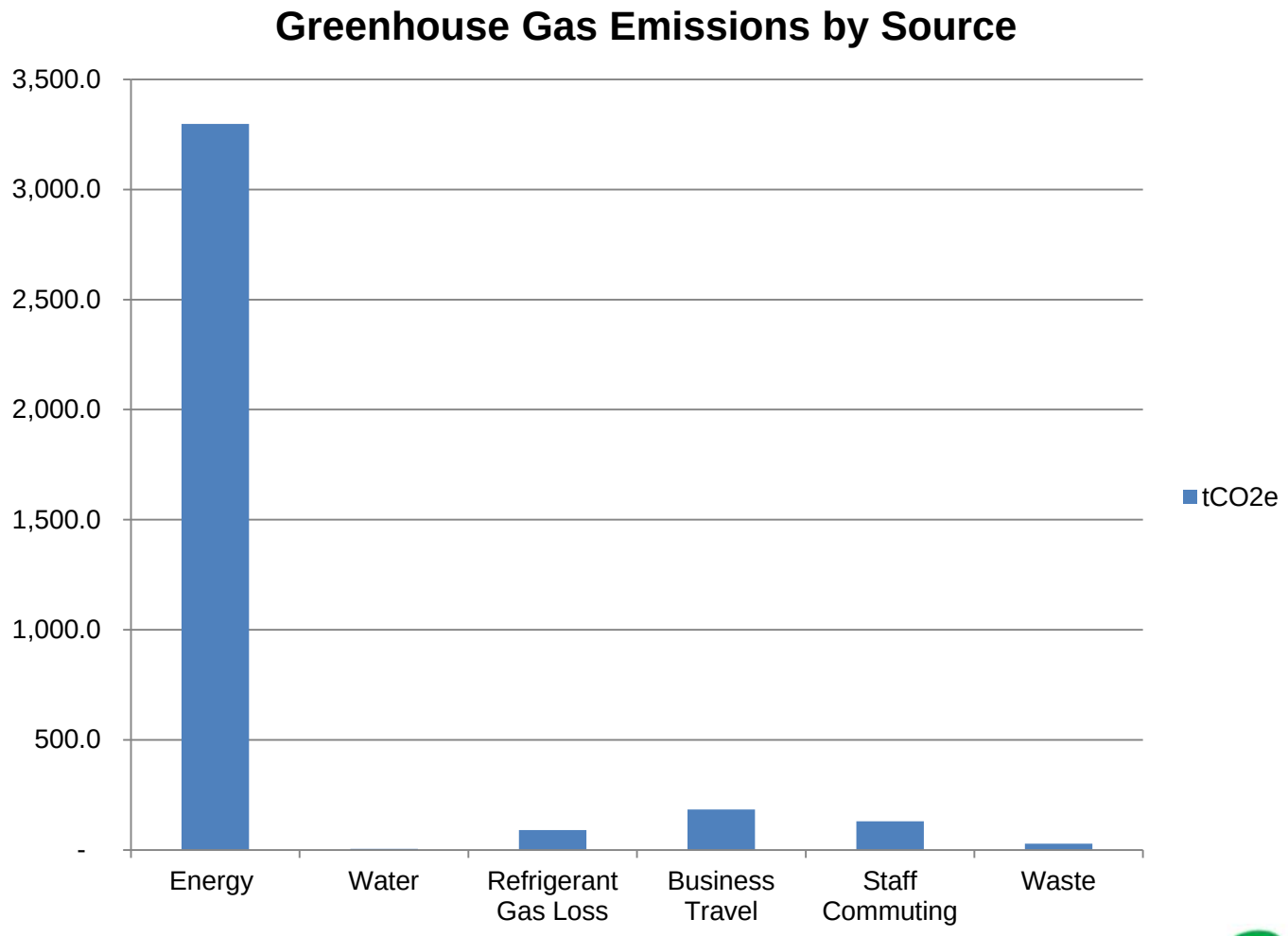
Interact with your stakeholders – facilitate open and engaging dialogue

Choose areas of focus

Set targets – SMART goals

Take action

Focus your efforts



Step two: Report progress and review targets

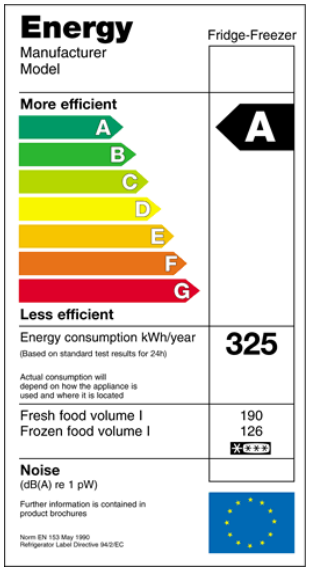
Measure and analyse – track your performance using quantitative data

Develop creative partnerships – link with support organisations, stakeholders, clients, even competitors to create innovative solutions to industry concerns

Increase your transparency – publically report your performance

Review

Practical steps: Resource efficiency



- Procuring energy efficient products
- Building Energy Management Systems
- Energy efficient lighting
- Process efficiency
- Heating controls
- Waste minimisation and recycling
- Renewable energy generation

Practical steps: Staff and business travel

- Set up a Cycle to Work Scheme
- Allow home working
- Facilitate car sharing

- Enable teleconferencing
- Avoid domestic flights
- Incentivise the use of public transport

Practical steps: Environmental Management Systems

A structured way of identifying environmental impacts and targeting areas for action

Follow the Plan – Do – Check – Act philosophy

Used by many businesses – key part of tendering within the public sector and supply chains

Most commonly used systems are ISO 14001 and BS 8555

Sustainability in practice: Patagonia

Mission Statement: Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis

Environmental Internships:
allowing engaging employees to support environmental initiatives during their working time

Environmental Grants:
supporting grassroots innovation and assisting the creation of national parks

1% FOR THE PLANET

Supply Chain:
In 2010 they audited 90% of their supply chain on environmental and social performance.

Transparency:
All suppliers listed on their website. Continual reporting on progress and goals

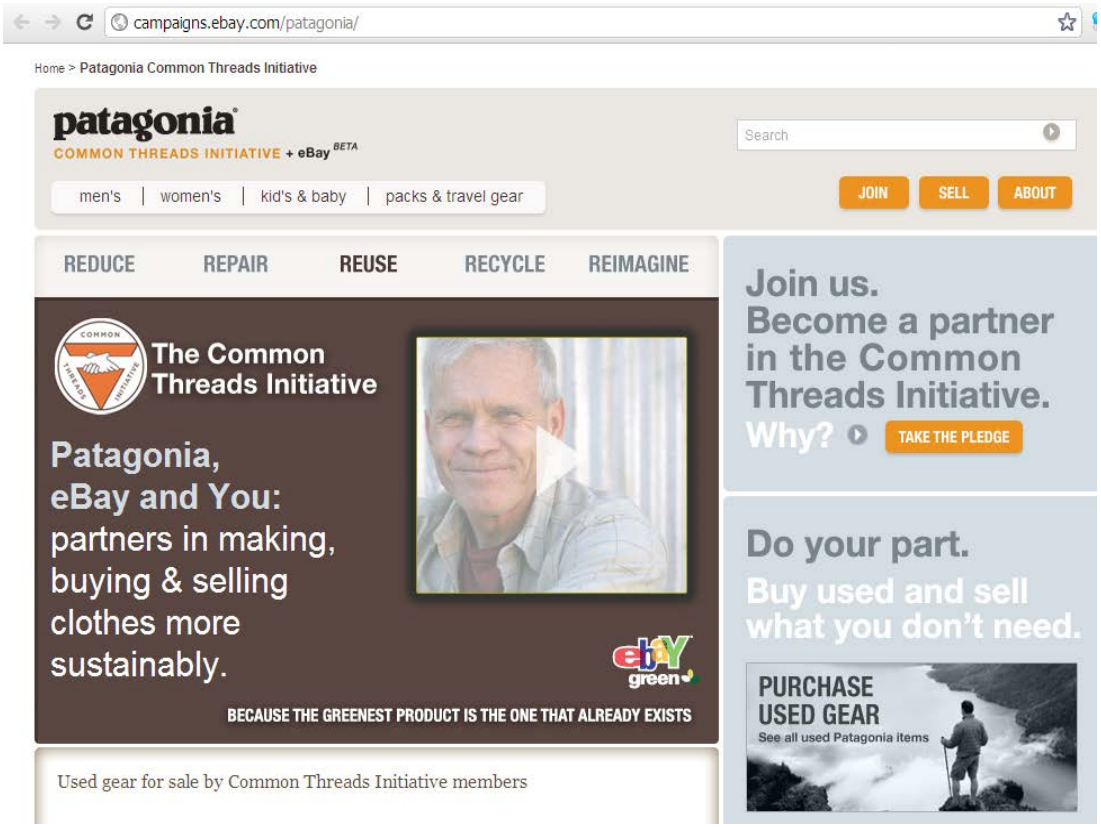
Patagonia – Common Threads Initiative

Buy Less, Buy Used

Fix and reuse existing products

Innovative business model

Linking customer and company responsibility



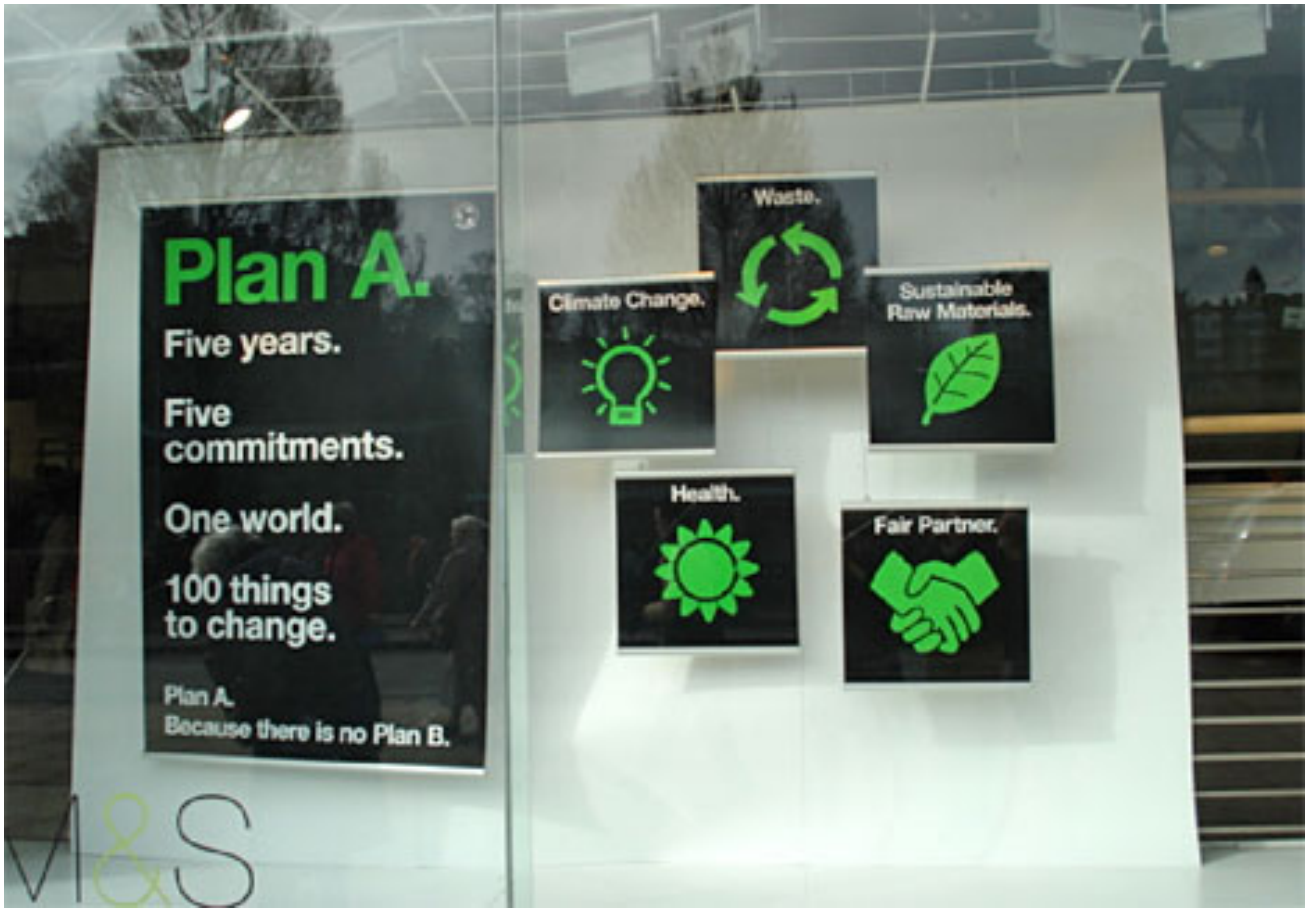
Sustainability in practice: Marks & Spencer

Plan A launched in January 2007 setting out 100 commitments to achieve in 5 years

Now extended to 180 commitments to achieve by 2015,

The ultimate goal of becoming the world's most sustainable major retailer

Sustainability in practice: Marks & Spencer



Sustainability in practice: Marks & Spencer

Climate Change: Improving internal efficiencies, developing greener stores

Waste: reducing packaging, increasing the use of recyclable materials, charging for plastic bags and donating the profits

Natural Resources: strong policies on animal welfare, zero animal testing, sustainable fisheries

Fair Partner: Fairtrade products including tea, coffee and cotton

Health: Promoting healthier foods with reduced levels of saturated fat. Removal of all artificial flavours and colouring

Sustainability in practice: Marks & Spencer

By 2008 £40m was invested in Plan A

By 2012 Plan A created £105m net benefit

Some examples:

- Teardrop trailers improve transport efficiency and reduce carbon emissions
- Established Schwopping – collection points for old M&S clothes that are donated to Oxfam. Since 2008 they have collected over £10m items and raised £8m for Oxfam
- Invested £11.4m in community projects, equivalent to 1.7% of pre-tax profits

Sustainability in practice: Tullis Russell

Environmental: Reduction in carbon footprint through efficiency improvements, ISO14001 certified, regular reporting of performance

Social: Supporting local charities and organisations in environmental projects - Cheshire Wildlife Trust, local schools and neighbouring businesses

Economic: Employee owned company, local employment policies

Tullis Russell

Employee owned, partnership driven.

Recently recognised as a **Game Changer** for their work on sustainability by BITC

Reporting tools: Carbon Footprinting

Definition: "the total set of greenhouse gas (GHG) emissions caused by an organisation, event or product"

Units = **tCO_2e** (tonnes carbon dioxide equivalent), normally over a 12 month period

Includes six gases covered by Kyoto Protocol…

Greenhouse Gas	Chemical Formula	GWP (CO_2e)
Carbon Dioxide	CO_2	1
Methane	CH_4	25
Nitrous Oxide	N_2O	298
Hydro fluorocarbons	HFCs	Depends on specific gas
Sulphur hexafluoride	SF_6	22,800
Perfluorinated compounds	PFCs	Depends on specific gas

Reporting tools: Carbon Footprinting

Reporting systems (CRC Energy Efficiency Scheme)

Participating in GHG markets (EU ETS)

All businesses listed on the Main Market of the London Stock Exchange will have to report their levels of greenhouse gas emissions from the start of the next financial year under plans announced by the Deputy Prime Minister at the Rio+ 20 Summit (June 2012)

Reporting tools: Carbon Footprinting

Benefits to businesses:

- Quantify & manage carbon risks
- Target emissions reduction
- Enable emissions offsetting
- Prepare for future climate change policy
- Reputational advantage
- Efficiency savings
- Forecasting

"The first step towards managing carbon emissions is to measure them because, in business, what gets measured gets managed"

Lord Adair Turner, Chairman of the Financial Services Authority

Reporting tools: Triple Bottom Line

Reporting business performance not purely based on financial results but incorporating social and environmental factors

The problem is how to assign an appropriate unit of measurement for environmental and social performance as there is no universal standard

Environmental Indicators

Greenhouse gas emissions

Water use

Procurement of recycled products

Renewable energy use

Social Indicators

Ethical procurement practices

Workforce diversity

Local employment

Staff hours dedicated to charitable work

Reporting tools: PUMA

In 2011 PUMA's annual report included an Environmental Profit and Loss account. This was the first time a major brand put a financial value on its use of 'natural capital'. PUMA quantified this to be €145 million

- € 51 million resulting from land use, air pollution and waste
- € 94 million for GHG emissions and water consumption

The report is seen as a valuable asset for strategic decision making, as well as for providing insights into potential business risks linked to the use of natural capital. For example they now evaluate the water intensity of raw materials and map these against regions where availability of water is an issue or where it could be in the future.

Next Steps

I believe we need to assess our progress so far against the scale and risks of ignoring sustainability. My questions to today's delegates:-

- Are the initiatives and measures described previously enough to change behaviour conditioned by instincts and societal norms of generations?

- Who should we look at to influence or direct our lives politicians, corporate leaders or accountants?

Any questions?

For more information or support contact:

Chris White

01606 723 175

Chris.white@groundwork.org.uk

smarterbusiness
a service from Groundwork Environmental Services (Cheshire) Ltd

GROUNDWORK CHESHIRE

aat