

SUSTAINABILITY: WHAT IS IT, REALLY?

By Chuck Roberts



Background

The global movement toward a higher state of environmental consciousness has morphed through various phases of awareness and commitment over the last few decades, and has recently been picking up speed in a new direction. Many years ago it took the form of back-end waste minimization, transitioned to front-end pollution prevention, then began taking on the green color largely with back-end reuse (generally defined as re-using waste without treatment) and recycling (generally defined as re-using waste following treatment).

It then moved forward again in the process chain to materials substitution in design and manufacturing processes, and has finally migrated to what is perceived by some as a utopian condition generally characterized as “sustainable operations.”

This trend toward sustainability is unmistakable, likely needed, and virtually unstoppable, as it is now programmed into our children’s minds. Case in point: I came home from work one day to find my eight-year-old daughter (who seems like she’s 12) putting the finishing touches on a beautifully designed, hand-crafted business card bearing her name, drawings of a flower and a horse, and the title “Recycling Coordinator.” She proudly announced that our family would be stepping up our efforts to achieve sustainability to include recycling a wider range and larger volume of waste materials, and that we would henceforth be more conscientious about turning off the water while brushing our teeth, re-using scraps of paper for notepads, and the like. Taking it a step further, several nights later, she told me to turn off the bathroom light or I might kill a polar bear (by melting the ice cap with my unbridled use of fossil fuel-generated electric power, of course). Our kids are acutely aware of our interrelationship with the environment and get it...but, do we?

In both the government and private sectors, an increasing number of organizations are naming individuals to serve as their Sustainability Manager, and consulting firms are self-proclaiming their expertise and naming Vice Presidents of their Sustainability Practice. Yet, amid all the fervor associated with organizations rushing toward this goal, and as consulting firms prepare to do battle with each other over contracts to guide these well intentioned clients, it is surprising how many people from both the client and consultant community have privately approached me at professional conferences and networking meetings to confess that they don’t really understand what sustainability means. In answer to these private calls for help, I offer this article.



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The Global View

Sustainability was initially conceived as meeting the needs of the present without compromising the ability of future generations to meet their own needs. However, the term has evolved to describe a broader concept of ethical management that has, in essence, replaced what was formerly called Corporate Social Responsibility. In its latest form, sustainability is characterized as having three key components, sometimes called the triple bottom line: economic, environmental, and social. A sustainable organization is one that is forward-looking, takes these three components into careful consideration in developing and implementing its policies and procedures, and seeks to conduct its business in a manner that simultaneously enhances all three of these components, making them an integral part of its operational priorities. Thus, working toward a goal of sustainable operation has become widely accepted as an approach to sound public and private sector management.

Substantial interest in sustainability materialized about a decade ago. In fact, Dow Jones established a series of Sustainability Indexes in 1999 to track the financial performance of leading sustainability-driven companies worldwide. The general philosophy espoused by Dow Jones was “What gets measured, gets done” and it was Dow’s view that this was important.

More recently, a number of driving forces have accelerated the adoption of sustainability-oriented management practices. These driving forces have included:

- public pressure for greater transparency stemming from notable ethics violations by governmental officials and public corporations;
- climate change reaching the tipping point of acceptance as a real issue with potentially irreversible and dangerous consequences;
- increased globalization, which has thrust us into more direct contact with people of different cultures, economic means, and working conditions; and
- recognition that, as economic globalization raises the standard of living for many lesser developed regions and countries, it will increase the competition for many of the earth's essential, but finite, resources – to the point that critical shortages could result in dire consequences if not addressed promptly.

Under the influence of these powerful driving forces, it is likely that pressure from the public, media, political organizations, environmental advocacy groups, governments, and investors will correspondingly increase our focus on sustainability as a critical success factor for governments and businesses, and the human race.

Assessment and Reporting

In addition to practicing sustainability, there is the issue of assessing and reporting one's sustainable initiatives and progress. Presently, such sustainability assessment and reporting are discretionary. However, they are likely to become requirements, whether formal or implied, to qualify for federal funds, garner public support, and raise capital, if not by regulatory mandate (such as is happening with greenhouse gas accounting and reporting). As more organizations adopt sustainability assessment and reporting practices, an organization's lack of such a report may be interpreted by the public as implying that the organization is not ethically managed, or not operated in a socially responsible manner. From a leadership perspective, an increasing number of major organizations, such as PepsiCo, are performing Life Cycle Analyses upstream and downstream of their organization as part of their sustainability assessments, and beginning to require that their suppliers meet various sustainability targets, becoming yet another driving force for sustainability.

In order to promote uniformity and comparability, Ceres (pronounced "series") - a national network of environmental organizations, investors, and other public interest groups - has implemented a Global Reporting Initiative (GRI) that includes Guidelines and 79 standard Performance Indicator parameters (49 core and 30 additional) for measuring and reporting sustainability performance. (There are also industry sector-specific parameters, but a discussion of these is beyond the scope of this article.) The GRI addresses all three components of sustainability (economic, environmental, and social) but expresses the social component as four subcomponents – Labor Practices and Decent Work, Human Rights, Society, and Product Responsibility – yielding a total of six categories for GRI assessment and reporting.



Persistent drought conditions have made many water bodies unsuitable for recreational activities and have threatened our water supply, emphasizing the need for conservation.

In using the GRI protocol, an organization reports at one of three levels: C, B, or A, in order of increasing content. The GRI specifies minimum standard disclosures for each reporting level, and then allows the

organization to select among the 79 Performance Indicators for reporting performance in the six categories. To meet Levels C or B, a minimum of 10 or 20 Performance Indicators must be addressed, respectively. To meet Level A, all core and sector-specific Performance Indicators must be addressed. While not a requirement, the GRI suggests that in selecting Performance Indicators for Levels C and B, the organization use at least one indicator from each of the six reporting categories. An organization has the option to include additional parameters, from the GRI list or of its own design, beyond the minimum specified number without having to go to the next highest reporting level. The reporting level may be self-declared, or an organization may elect to have the reporting level confirmed by the GRI or another qualified independent party, with the latter choices adding credibility to the rating.

The frequency of reporting and number of years of historical data to include are at an organization's discretion, but the GRI promotes comparability of the reports over time. Thus, it is beneficial for an organization to commit to a regular schedule of reporting, be consistent in addressing the same Performance Indicators from year to year, and carry forward a certain amount of historical data in subsequent years after initiating reporting. The current standard for most organizations is to report biannually and carry forward data for five years.

Summary

Like quality and safety (and getting exercise and eating healthy), sustainable behavior should become an integral part of our lifestyle – something we do without having to consciously think about it. It is that important to our future. Sustainability assessment and reporting provides a mechanism to keep these important issues at the forefront of our decision making, contributes to the needed discipline to make this behavior a part of our daily lives, and can have substantial public relations value. Dow Jones probably had it right...what get's measured, gets done.

Moreover, while the social components of sustainability are important, the naturally available supply of certain essential resources is finite, and some changes to the environment may indeed be irreversible. For many, the reality of these issues can, at times, be tough to accept. However, it is clear that our primary focus in the near term needs to be on responsibly managing resource consumption and potentially irreversible environmental impacts or, one day in the not too distant future, the rest won't likely matter.

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