

Sustainability reporting — More than just the environment

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Recognize any of these names: Royal Dutch Shell, Shell International BV, ExxonMobil, Suncor, Total SA, Chevron Corp., BP, Hess Corp.? These organizations have produced nonfinancial reports describing their contribution toward a sustainable future. Their strategies and business plans are connected to the tenets of sustainability and focus on the “triple bottom line,” seeking outcomes that are socially and environmentally responsible as well as economically sustainable.

What is sustainability? Sustainability is meeting the needs of the present without compromising the ability of future generations to meet their own needs. Or, as defined by the United Nations Brundtland Commission’s “Our Common Future” (1987) — “the ability to provide for the needs of the world’s current population without damaging the ability of future generations to provide for themselves.”

Sustainability reporting does not just focus on environmental issues. It goes beyond traditional financial, bottom-line reports and includes natural capital (environment and planet), social capital (equity and people) and eco-

nomie prosperity (economy and profit).

Visualize three concentric circles — the economy as the inner circle, society as the middle circle and finally the environment as the outer circle. The economy exists entirely within society because all parts of the human economy require interaction among people.

Society (middle circle) exists within the environment. The basic requirements — air, food and water — come from the environment, as do the energy and raw materials for housing, transportation and the products we depend on. The outer circle — the environment — surrounds society. At an earlier point in human history, the environment largely determined the shape of society. Today the opposite is true, where human activity is re-shaping the environment at an ever-increasing rate. The parts of the environment unaffected by human activity are getting smaller all the time. However, because people need food, water and air to survive, society can never be larger than the environment.

There are “a number of common principles embedded in most charters or programs to achieve sustainable development, sustainability or sustainable prosperity.” (Hargroves, K. and M. Smith “The Natural Advantage of Nations: Business

Opportunities, Innovation and Governance in the 21st Century”). These include:

- Dealing cautiously with risk, uncertainty and irreversibility.
- Ensuring appropriate valuation, appreciation and restoration of nature.
- Integration of environmental, social and economic goals in policies and activities.
- Equal opportunity and community participation.
- Conservation of biodiversity and ecological integrity.
- Ensuring inter-generational equity.
- Recognizing the global dimension.
- A commitment to best practices.
- No net loss of human or natural capital.
- The principle of continual improvement.
- The need for good governance.

Reporting on economic, environmental and social performance becomes an important exercise for all organizations. The benefits gained from the sustainability reporting process include:

- Gaining a clear picture of the main economic, social and environmental impacts.
- Identifying risks and opportunities.
- Identifying general management improvement areas.

○ Increasing employee engagement and attracting motivated recruits.

- Encouraging innovations and the creation of better solutions.
- Enhancing reputation and increasing customer loyalty and community respect.
- Achieving a competitive advantage.

One of the most important outcomes from the reporting process is a detailed understanding of how your organization contributes toward a sustainable future. Sustainability reporting is a journey and requires a commitment to identify your organization’s impacts and discuss them openly and honestly while building plans for improvement.

If all of this sounds difficult and complicated, that’s because it is. Sustainability planning, implementation and reporting require no less than solving the fundamental problems facing all of humanity, so that a decent life on our planet will be possible for all, forever.

ABS Consulting Inc. is an organizational stakeholder with the Global Reporting Initiative (GRI) and provides training on sustainability reporting.

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