

## A climate for true triple bottom line reporting

**The scientific imperative for action to tackle climate change is now reflected in the emerging responses of leading edge businesses as they find value in innovating to address the challenge.**



Credit: Rockcote

Overwhelmingly in the past, the tackling of sustainability and climate change issues has been seen as a cost and a threat by Australian organisations, rather than an opportunity. However, businesses in Australia and globally that have developed proactive strategies are reaping significant benefits.

To generate effective action in terms of reducing greenhouse gas emissions (GHG) and wider environmental 'footprint', organisations need to measure and account for their environmental impact. A GHG or carbon audit is one measurement tool, enabling an organisation to gauge its energy consumption and production.

Under an Emissions Trading Scheme (or Carbon Pollution Reduction Scheme as it's known in Australia), carbon is given a dollar value. Corporations can therefore work out the impact of their operations in terms of both carbon production and the dollar value of that carbon – either as a cost or a credit to the organisation, depending on its carbon efficiency. If the carbon price is high enough, under the 'cap' of allowable national emissions, we should see a corresponding shift in corporate efforts to reduce its production. In effect, we are attempting to put a dollar value on one important component of our natural capital (the environment).

Over past decades, there have been a series of initiatives to value natural capital – the latest chapter in a history of concepts designed to show organisations how to value the natural and social resources on which economic growth is built.

For instance, during the 1980s, public awareness increased about social issues such as human rights, the quality of life and the vast number of people living in absolute poverty, especially in less developed countries. There was pressure for new approaches to environment and development issues, and to integrate new approaches to environmental protection

with development that would ultimately lead to the alleviation of poverty.

At the official level, in 1987 the concept of sustainability spread through the report 'Our common future' by the World Commission on Environment and Development (WCED), an entity of the United Nations also known as the Brundtland Commission.

WCED related sustainability not only to environmental integrity and social equity, but also to corporations and economic prosperity by coining and defining the term *sustainable development* as '... development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'

In Australia, it has been a coalition of business and green groups that has made the link between economic, social and environmental development and climate change.

In 1995, the World Business Council for Sustainable Development sought to operationalise the concept of sustainable development as the balancing of the three pillars of economic growth, ecological balance and social progress. This was further popularised by Elkington (1997) as the triple bottom line concept 'that corporate and organisational success should include environmental and social performance, as well as economic'.

Many organisations have attempted to implement triple bottom line reporting, producing corporate social responsibility or corporate sustainability reports. But these reports have their critics, who argue that the social and environmental issues reported are still poor second-cousins to economic development and progress, and that these reports sometimes represent attempts by corporations to 'greenwash'.

While such criticisms may be valid, some organisations – such as the Interface flooring products group and, locally in Australia, Rockcote – are attempting to use their carbon metrics and environmental impact as a means of creating new value opportunities and new business models. They recognise the relevance of environmental and community responsibility to organisational success. Addressing climate change is central to this.

Our own research at the University of Queensland Business School indicates that when climate change and other sustainability initiatives are unleashed in organisations, they become powerful tools for motivating and attracting employees, making work meaningful, reducing operating costs and improving business efficiency, increasing new business development opportunities and generating value-based innovations.

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More information:

World Commission on Environment and Development (1987) 'Our common future'. Report of the World Commission on Environment and Development. <http://www.un-documents.net/wced-ocf.htm>  
Elkington J (1997) *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. Capstone, London.  
World Business Council for Sustainable Development, <http://www.wbcsd.org>

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