



What is sustainability?

Biodiversity, the environment and sustainable development:
a summary guide for companies

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WHAT IS SUSTAINABILITY?

Sustainability is a concept which has arisen from the debate on "sustainable development". Although the term sustainable development became current in the mid-1970s, it was first formalised into a series of international conventions and treaties at the Rio Summit in 1992.

The term sustainability often refers to what sustainable development means within the context of the corporate sector.

Broadly, sustainability refers to a company's influence in three areas: the environment, the society in which it operates and its economic impact. Traditionally, a company's bottom line is measured in terms of financial success; sustainability requires a company to consider a "triple bottom line" of environmental and social factors in addition to the economic. This assumes that the private sector should play an important role in creating a better quality of life.

A company embracing sustainability is therefore achieving two things:

- it is ensuring that the net effect of its products and processes does not have a negative impact on the environment or society – the so-called "zero footprint"
- it is ensuring that the company operates in a way that enhances the environment and society within its areas of influence.

For most companies, there are two particular complexities:

- what does sustainability mean for that company's own operations, i.e. how does the company translate global treaties and national targets into measures which are meaningful for its own business?
- how can a company measure its contribution to sustainability, when there are no established indicators?

There is no standard way for companies to turn this theory into reality. Definitions of corporate sector sustainability change rapidly, and a consensus has not yet emerged about what it means and what companies should do about it. Each time a best-practice company achieves more, or sets higher objectives, the goal-posts move slightly. No single global body, company or Non-Governmental Organisation (NGO) has established a common definition or common standard. However, common themes and organisational approaches are emerging with reference to the environmental aspect of sustainability, which are summarised in this paper.

THE UK GOVERNMENT CONTEXT FOR SUSTAINABILITY

In 1994, the UK Government was one of the first to respond to the 1992 Rio "Earth" Summit with a National Strategy on Sustainable Development. "A Better Quality of Life", the most recent white paper on Sustainable Development for the UK, was launched in May 1999.

A Better Quality of Life gives four key objectives for sustainable development in the UK:

- Social progress which recognises the needs of everyone
- Effective protection of the environment
- Prudent use of natural resources
- Maintenance of high and stable levels of economic growth and employment.

In order to identify key activities which would fulfil these objectives, and measure progress towards them, the white paper laid down fourteen Headline Indicators.

The environmental and natural resource indicators for a better quality of life include:

- emissions of greenhouse gases
- days when air pollution is moderate or high
- rivers of good or fair quality
- populations of wild birds
- waste arisings and management.

In addition, social and economic indicators include the proportion of people of working age who are in work and expected years of healthy life.

Each headline indicator is accompanied by a descriptive text, and broken down into further indicators. In total there are over 150 sub-indicators.

These headline themes clearly indicate that the government considers a combination of economic, social and environmental factors create a high quality of life.

However, except in very specific cases such as emissions of greenhouse gases, it has been difficult for most companies to understand how they relate to their own activities.

SUSTAINABILITY IN THE CONTEXT OF THE CORPORATE SECTOR

“Sustainable development involves the simultaneous pursuit of economic prosperity, environmental quality and social equity. Companies aiming for sustainability need to perform not against a single, financial bottom line but against the triple bottom line.” (WBCSD)

The concept of sustainability aims to balance the triangle of social, economic and environmental issues. Companies which are judging themselves against the “triple bottom line” incorporate this way of thinking into corporate decision making.

For the corporate sector, sustainability in the narrow sense means controlling the impacts of a company’s production and practices at all three corners of the triangle, to minimise the negative and maximise the positive. This will enable them to achieve a “zero footprint”.

Companies considered as leaders in this area interpret sustainability in a broader sense. They evaluate how the company can contribute to the pursuit of a sustainable society outside the immediate impact of its products and processes: for example, by linking to other organisations concerned with sustainability and promoting sustainable behaviour by their employees. Many companies are already pursuing elements of a “sustainability” strategy: for example, by investing in local communities or through their employment practices.

Environmental and Social Reporting is a way to monitor the sustainability of a company and to show stakeholders a commitment to sustainable development.

Companies traditionally at the forefront of social and environmental performance are asking:

Is it possible for the company to measure its impact against all of the UK government’s headline indicators, or just some of them? This requires companies to make a judgement about which headline indicators are most relevant.

How can the company measure its performance and progress, and the contribution it is making to sustainability? This would require sustainability indicators, and currently there are no uniformly accepted measures.

SUSTAINABILITY, THE ENVIRONMENT & BIODIVERSITY

For most UK companies, participating in the environmental aspect of sustainability is within reach, and measurable. They can achieve Eco-efficiency through an EMS which regulates the effect of their inputs and outputs on the environment; and they can contribute to the wider environment through participating in the UK Biodiversity Action Plan.

ECO-EFFICIENCY

Most companies' Environmental Management Systems relate specifically to products and processes which minimise the company's impact on the environment - this is essentially the concept of eco-efficiency. Best-practice companies in the UK, and the UK Government, are defining environmental sustainability in a broader manner than simply eco-efficiency.

These companies are asking how they can make a contribution to "biodiversity" – that is, taking responsibility for improvement of the natural environment over and above the control of inputs and outputs.

BIODIVERSITY

Biodiversity is a key component of sustainable development. For UK-based companies, the area of biodiversity or nature conservation is among the easiest starting points for setting a sustainability strategy. This is because a national biodiversity strategy exists, the UK Biodiversity Action Plan (UKBAP), which outlines what is necessary at a national, regional and local level.

Most counties and metropolitan areas have formed a Local Biodiversity Action Plan, which represents the local section of the UKBAP. This is particularly relevant to companies which have landholdings, as they can immediately find out what they could be doing on their sites as part of the LBAP. However, companies without land-holdings can also make a significant contribution through partnerships with environmental groups and "awareness raising" among suppliers, employees and customers.

The existence of the UKBAP and LBAPs allows companies to participate in an important aspect of environmental sustainability: the conservation and protection of key UK species and habitats, identified by the government's advisers and usually delivered in partnership with NGOs.

CORPORATE SUSTAINABILITY PROGRAMMES

Best practice companies are increasingly integrating sustainability into their company reporting and community relations policies. The Tomorrow Magazine web-site gives a good overview of current corporate reports, most of which are still known as environmental reports: Dow Chemicals released the first "triple bottom line report" in September 1999. Earthwatch's Case Studies in Business & Biodiversity gives examples of companies which have led the way on environmental sustainability in the UK.

The majority of companies leading the sustainability debate are in heavily-regulated industries or industries which have been subject to public criticism. Five examples of companies active in the sustainability debate are:

- Shell International – sustainability reporting
www.shell.com
- BP – biodiversity programme
www.bp.com
- 3M – eco-efficiency programme
www.3m.com
- Northumbrian Water – biodiversity programme
www.NWL.co.uk/biodiversity
- Volvo – supply chain management
www.volvo.com

Common features of these companies' programmes are that:

- Internally, the company is seeking to refine its processes and products so that they reflect the issue of sustainability at all stages
- Externally, the company pursues its policy in partnership with a portfolio of Non-Governmental Organisations (NGOs).

It is also apparent that many companies make exaggerated claims for their commitment to sustainability, based on the fact that their products are socially useful. For example, it is usual for telecom companies to claim that they are leaders in sustainability because their products do not damage the environment and enhance people's quality of life.

PERFORMANCE INDICATORS

The Dow Jones Index has introduced a new sustainability index, which tracks the stocks of companies that Dow Jones consider have a sustainable development agenda; this will enable investors to measure whether companies investing in sustainability have a better performance than those which do not: www.sustainability-index.com

Business in the Environment, which each year publishes an index of environmental performance, is expanding its categories to include indicators of biodiversity and sustainability: www.business-in-environment.org.uk

FOUR DEFINITIONS OF SUSTAINABLE DEVELOPMENT

The Brundtland Report: "Our Common Future" was written for the World Commission on Environment and Development in 1987. This report popularised the idea of sustainable development in the run up to the UN Conference on Environment and Development held in Rio in 1992 (known as the "Earth Summit").

The Brundtland definition of sustainable development is "development seeking to meet the need of the present generation without compromising the ability of future generations to meet their own needs. It aims at assuring the on-going productivity of exploitable natural resources and conserving all species of fauna and flora."

The first part of this definition, emphasising the necessity of meeting needs both now and in the future, is that adopted by the World Business Council for Sustainable Development and is used in the sustainability programmes of major corporations such as Dow Chemicals and Shell International. Many national governments also use this definition as a starting point for policy.

Two common themes in all definitions of sustainability are equity between and within generations of humanity (inter-generational equity), and the need to maintain "critical natural capital". Another over-riding theme is to follow the "precautionary principle".

Other definitions expounding the aims of sustainable development are given by non-governmental organisations working to promote sustainable development in business and government:

"To be sustainable, development must improve economic efficiency, protect and restore ecological systems, and enhance the well-being of all peoples."

International Institute for Sustainable Development, USA

"Sustainable development – a dynamic process which enables all people to realise their potential and improve their quality of life, in ways which simultaneously protect and enhance the Earth's life-support systems."

Forum for the Future, UK

"Sustainable development is a very simple idea. It is about ensuring a better quality of life for everyone, now and for generations to come."

A Better Quality of Life, UK Government White Paper, 1999

In 1991, the World Bank offered the following core principles of sustainable development:

- the rate of renewable resources must not exceed their rate of regeneration
- the rate of use of non-renewable resources must not exceed the rate at which renewable substitutes are developed
- the rate of pollution emission should not exceed the assimilative capacity of the environment.

KEY PUBLICATIONS & ORGANISATIONS

ORGANISATIONS

Forum for the Future: www.forumforthefuture.org.uk

SustainAbility: www.sustainAbility.co.uk

World Business Council on Sustainable Development:
www.wbcsd.ch/

Earthwatch: www.earthwatch.org/europe/corporate.html

DETR: Biodiversity@detr.gsi.gov.uk

PUBLICATIONS & WEB-SITES

Convention on Biological Diversity: www.biodiv.org

Tomorrow Magazine website accesses company environmental reports and news on business and the environment:
www.tomorrow-web.com

"A Better Quality of Life" UK government white paper on sustainable development:

www.environment.detr.gov.uk/sustainable/quality/life

UK Biodiversity Action Plan: www.jncc.gov.uk/ukbg

Earthwatch publications on Business & Biodiversity;
Environmental Reporting; Glossary of Environmental Terms:
www.earthwatch.org/europe/corporate.html

Eco-efficiency: the business link to sustainable development
(Livio De Simone & Frank Popoff, MIT 1997).



Earthwatch hosts a **business & biodiversity resource centre** supported by the DETR to signpost companies towards publications and NGOs which can help them develop and implement biodiversity strategies.

For more information, telephone 01865 318800 or visit www.businessandbiodiversity.org

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