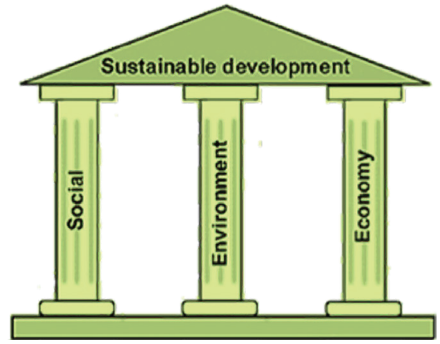
Sustainability Reporting—Beyond TBL?

by Keith Murray



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Why has Sustainable Development (SD) become so complex for business? The more I read in the academic literature, trade press and business news sections of the convoluted approaches organisations, academics and professional advisers treat this serious issue the more despondent I become.

I'm sure Brundtland did not foresee this when she put her name to the publication, Our Common Future, (OCF) back in 1987. That was 30 years ago and just look at the mess we're still in, trying to agree on a strategy for survival; Global Warming looks to be "on the cards"[1] if something is not done immediately; the UN's ambitious 17 Sustainable Development Goals (SDG's) for 2030 have a long way to go if they are reach their targets.

In this morass of complex issues with respect to what action to take, large corporations are caught between a rock and a hard place on Sustainability Reporting. They are expected to portray "good Sustainability practices" such that outside bodies can "feel" comfortable in being seen to being associated with them i.e. financial, insurance, shareholders etc. So, is this SD reporting purely publicity, a marketing exercise; something the corporation can use to "sustain" its position in the marketplace? Surely not![2]

But what is Sustainable Development? We all know what it is, or do we?

Over the last 25 years it has been most often defined as meeting the needs of the present without compromising the ability of future generations to meet theirs. This has been translated to the three pillars of Sustainability: economic, environmental, and social, informally referred to as people, planet and profits. Companies have used this Triple Bottom Line (TBL) framework in their Sustainability Reports and to illustrate the popularity of this, going on line and keying in Triple Bottom Line (TBL) gave +10 million sites. (Sept. 2018)

Why has this TBL approach been accepted?

Simple really when you think about it, our historical prevailing paradigms or perceptions are implicit or explicit beliefs that mould our behaviour.

Business takes these on in the same way that society does. It is not surprising therefore that on the whole companies have continued to behave as if there were infinite resource availability and waste assimilation capacity in nature. Consequently, in the loose relationship between economics and the environment, business happily accepts one-to-one pollution control strategies, supported by legislative controls.

This dominates industrial thinking in relation to defining good sustainable business practice through their TBL reporting with economics dictating the final objectives i.e.an "acceptable" environment or social trade-off.

This is very difficult to change as so many Sustainability Professionals in the last 20 years have been brought up on this approach. It has been suggested that this is rather like the Economists "groupthink" on GDP as a "growth indicator". Woe betides anyone who dares to challenge that status quo![3]

However, this "TBL Groupthink" on SD for companies has, in the last 10 years, been questioned in both academic and commercial journals. They have all questioned the ill-developed and incomplete notion of TBL as a true reflection of SD. Many suggest that businesses may well have limited their ideas to only issues about themselves.[4]

Reflections on the Chemical Process Industry (CPI)

A lot has changed over the 60 years since I started out as a student apprentice Chemical Engineer working in a large Chemical Process Plant manufacturer/contractor. Much has changed over a wide range of business practices. I know, firsthand, that in the 50s–60s, H&S issues were very relaxed on commissioning projects and throughout the 60s and even into the early 80s the solution to pollution was


Flixborough 1974


Bhopal 1984

dilution; higher chimneys, sea/river dispersion or land-fill waste disposal.

But, of course, over these six decades there have been quite a lot of "environmental/ safety/ethical" procedures and practices implemented that have had a major "impact" on how and what the CPI now does in respect to "good practice"- ISO management systems accreditation for example.

Legacies of the past, particularly Flixborough and then Bhopal, drew attention to environmental and ethical issues for business organizations and, by the beginning of the 21st century, it was very evident that Global Business Organisations (GBOs) were taking an ever increasing interest in these constraints with respect to their corporate business progress.

As well, regulators, insurers, financiers and stakeholders generally were all increasingly demanding evidence of excellence by imposing institutional pressures on production processing plants and their parent companies. Just in the last decade, Environmental, Social and Governance (ESG)[5] Criteria are now considered central factors in measuring the sustainability and ethics of an investment in a company or business.

As I write, the latest acronym in Corporate Reporting is TCFD. A Task Force on Climate-related Financial Disclosures[6] (TCFD) is to be set up—a working group tasked with creating a set of comparable and consistent disclosures that companies can use to demonstrate climate change resilience to their capital providers. It is expected that the TCFD recommendations will change sustainability reporting. It will add further pressure on companies to disclose ESG data and thus enabling the market to arrive at a more informed view on how climate change will impact different businesses sectors.

As recently as August 2018, Facebook[7] was pledging to use 100% renewable energy by 2020; a major announcement on their commitment to corporate sustainability (CS). Some nine months earlier in an article on the three pillars of corporate sustainability A. Beattie[8] reported that Sustainability had become the buzzword with many "corporate giants" naming it "a key priority in moving forward".

However, this TBL-SD reporting would appear to be getting more complex with further ambitions being presented to the corporations on what is expected from them in the great scheme of things pertaining to Sustainable Development, e.g. the UN's 2030 Agenda on the 17 Sustainable Development Goals (SDG's). These SDG's are wide-ranging and presumably they are expected to "appear" somewhere in the Corporation's annual CSR?[9]

Wow, little wonder that SD reporting is causing Senior Management problems! How can they see, plan, develop and implement a strategy for their future sustainable business with all this going on?

Their purpose, focus and strategy are being clouded by:

- The questionable paradigm of SD-TBL
- The sweeping wish-lists presented in the UN's Company and Supply Chain management guidelines.
- Academics/Practitioners still arguing that SD is the same as Sustainability![10,11]

But, of course in taking this seriously, it being "a key priority to moving forward", companies now employ in-house SD "experts" or bring in "SD Consultants" to help. I looked, over and above the "big four"[12] surely there can't be $+38 \times 10^6$ out there (Number of hits on Google, Sept. 2018) and wondered how many of them were prepared to challenge the TBL-SD norm? I suspect there are a few but to challenge the TBL "status quo" is to incur the wrath of some very powerful SD protagonists!

However it is not enough to just say "the TBL approach" is missing the mark; it is essential to be able to present a clear and unambiguous approach—one that does reflect the OCF's quoted definition- the meaning of which has somehow been lost since the publication in 1987.

Sustainable Business Thinking—Continuance.

Having worked over these 60 years across a range of disciplines within the CPI, both at plant, research and senior management level and having also to "communicate" succinctly with under-grads, post-grads, research staff and academic colleagues, I have found that the more complex the problem the more important it is in keeping the approach/solution/method as simple as possible. **KISS** I think is the jargon title: **K**eep **I**t **S**upremely **S**imple.

Organisations should be looking at the reasons why the unsustainable issues/practices have appeared in the first place, i.e. what are the organisations "Un-sustainable Activities"? The company, wherever it sits within the framework of "supplying needs satisfaction" to the population at large, because of the activities it is involved in will create negative side effects, social and/or environmental.

These negative side effects are the root of the problem.

So, companies that are supplying a needs satisfaction, wither it be a service or a product, should start by looking at what they do and how do they do it.

To coin an old line from a jazz song of the 1930s:

> *"It's not what you do it's the way that you do it—that's what gets results."*

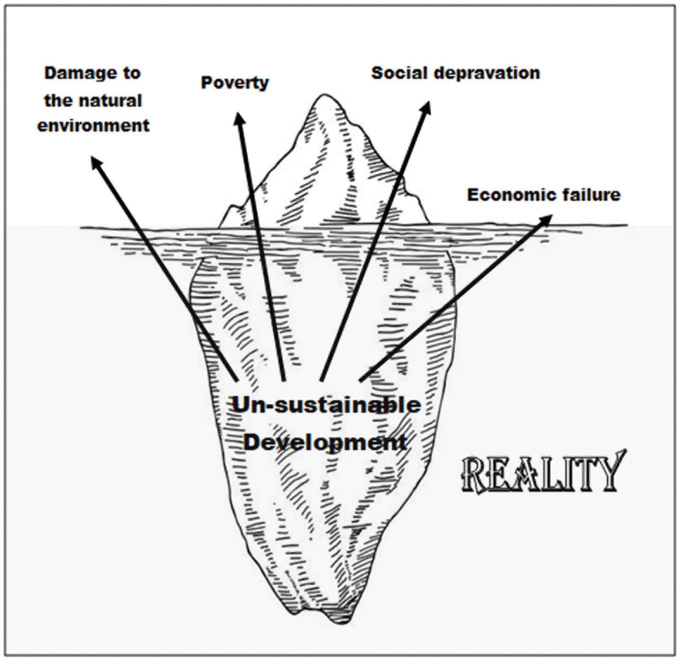
Credits

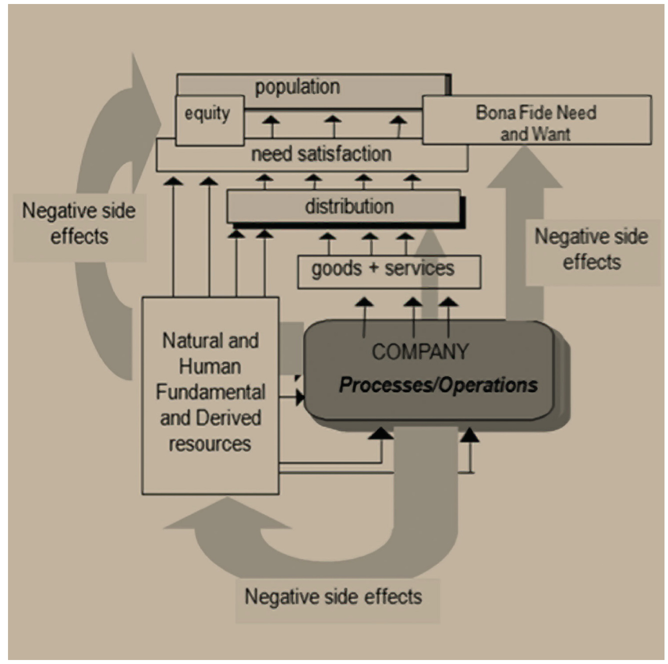
Caption

It's surprising how easy it then becomes to identify those issues/activities within the factory fence that are un-sustainable. By investigating what and why the unsustainable practices occur it is possible to prioritise their elimination/substitution with and without a concern for the economics. Why, because economics (profits) are "man-made".

It is possible to do this too with very little beating of breasts or hair pulling! Why, because it is simply asking the question: "Can we as a company keep doing this process/operation/activity without undermining the resources it relies on?"

It is then possible within a relatively short period of time to implement something similar to what





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the Environmental Management System (ISO 14001) insist on, a Baseline Audit, but in this case a Total Sustainability audit of the factory.

Armed with this profile, what goes on "within the factory fence," the in-house SD professional can then expand his/her thinking and explore the impact of those organisations up and down their company's supply chain. Armed then with these "external audits" prioritising the action of "negative side effect removal" can be evaluated within the present economic climate.

In many respects this audit will produce a reality check on where the company sits with respect to the ideal, a "Totally Sustainable Organisation" and from it an alternative strategic "Plan B" will emerge which can be produced in parallel to that being portrayed in the annual " TBL SD marketing report".

Unfortunately, although this approach appears simple enough, there is often a reluctance to accept the concept of zero resource availability infringements (no "**Negative side effects**") which is the company's total sustainability target, the comment being "It's not profitable!"

This is akin to the reluctance of Companies in accepting the concept of zero defects[13] when striving for Total Quality in TQM. However profits are only a reflection of the current economic climate and it is that which is changing.

So, this relatively simple systematic approach to tackling a company's key un-sustainable practices is easily assimulated; and, armed with this, the SD professional can explore the capability of a particular company's potential to achieve Total Sustainability as the economic climate changes. It also offers a strategic plan that the Board of Directors can at last "hang its hat on."

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