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Companies are now faced with environmental and economic challenges that would have seemed unimaginable only a few years ago. With a global financial crisis that has sent the world’s economy into recession, the current focus on the financial challenges of the situation is problematic. Ignoring looming problems of water, waste, energy, climate, biodiversity and overpopulation has the potential to induce a series of crises, damaging our lives and livelihoods more than any banking meltdown. Organisations are responding by reinventing themselves, becoming sustainable from environmental, humanistic and financial perspectives. Such steps are necessary, not only for organisational longevity, but to protect the livelihoods of future generations.

Previous studies into corporate sustainability attitudes in Australia have focused on awareness of the environmental issues and how organisations are responding to government roadmaps for action such as the Carbon Pollution Reduction Scheme (CPRS), National Greenhouse and Energy Reporting System (NGERS), and Federal and State legislation.

The 2009 Corporate and Environmental Sustainability Survey was developed to improve understanding of what motivates organisations to become sustainable, not just economically, but from the perspective of environmental, social and governance drivers. The survey also questioned the barriers that organisations face: from the technical perspectives of analysing and monitoring an organisation’s environmental footprint and performance; to justifying expenditure on sustainable initiatives; developing an organisational strategy for action; improving the governance structures of the organisation; and communicating progress and achievement with internal and external parties.

The survey made a number of observations in relation to what is motivating companies to act. Organisations indicated (Chart 1), that making financial gain from sustainability investments was most important; translating these investments into competitive advantage by developing a unique value proposition and increasing the efficiency and effectiveness of operations.

For the remaining motivators, social rated higher than environmental, serving as a reminder that sustainability is about both human and environmental factors. Within environmental drivers, organisations are primarily motivated by reducing energy consumption and waste. Social drivers are also financially motivated. Organisations want to utilise sustainability initiatives to improve their standing with stakeholders. Governance drivers (rating fourth) show that organisations are primarily looking at meeting their mandatory regulatory requirements.

Although organisations are motivated to improve the sustainability of their organisations, the data indicates that they are faced with barriers from the outset. As evidenced
The highest rated motivator, aggregated for all organisations within all industries, was economic, followed by social, environmental and governance.

In Chart 2, the first barrier to improving the sustainability of their organisations was justifying the time, money and effort required. The second barrier was analysis, indicating that organisations face difficulties in calculating how they impact the environment and communities within which they operate. This prevents organisations from finding direction or prioritising sustainability initiatives. The remaining barriers were: strategic, monitoring, governance, and communication.

In summary, the survey results show that organisations are motivated by pressing financial concerns and that justifying expenses in sustainability can be difficult. By increasing our knowledge of what motivates organisations and what prevents them from undertaking initiatives to improve their environmental, social and governance performance, programs can be developed which not only improve the sustainability of the organisation, but satisfy decision makers that their financial future is not only assured, but potentially enhanced.

**Methodology**
The survey was conducted in April/May 2009 and was distributed electronically to participants throughout Queensland. The number of respondents totalled 188. Results were classified into a number of industry groups.

<table>
<thead>
<tr>
<th>INDUSTRY GROUP</th>
<th>NUMBER OF RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional services</td>
<td>57</td>
</tr>
<tr>
<td>Health and science</td>
<td>18</td>
</tr>
<tr>
<td>Education and non-profit</td>
<td>10</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>10</td>
</tr>
<tr>
<td>Primary industries</td>
<td>9</td>
</tr>
<tr>
<td>Tourism services</td>
<td>3</td>
</tr>
<tr>
<td>Government</td>
<td>3</td>
</tr>
<tr>
<td>Transportation</td>
<td>1</td>
</tr>
<tr>
<td>Not indicated</td>
<td>77</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td><strong>188</strong></td>
</tr>
</tbody>
</table>

The survey was distributed to a number of levels within the organisations targeted to gain an understanding of the differences in opinion between staff, executives, and directors of organisations.
On December 3, 2007 Australia signed the instrument of ratification of the Kyoto protocol, coming into effect on March 11, 2008.1 Australia’s ratification left the United States as the only Annex I nation still to ratify the protocol. In addition to signing the protocol, Australia’s Carbon Pollution Reduction Scheme (CPRS) will come into effect July 1, 2011 with a target of reducing Australia’s emissions to 25% below 2000 levels of 552,680.48Gg CO$_2$ by 2020.2 Less than 10% of greenhouse emissions are directly attributed to households,3 the vast majority of Australia’s greenhouse gases coming from business and industry.

**The environmental future of Australia**

Modelling by the CSIRO for the Australian Greenhouse Office5 indicates that Australia will undergo some degree of climate change over the next 30 to 50 years regardless of national or international efforts to decrease emissions. Some changes that are predicted are: increase in annual national average temperatures of between 0.4 and 2.0°C by 2030; more heatwaves and less frosts; rainfall reductions; increased wind speeds in cyclones; and an increase in severe weather events, increasing the likelihood and severity of storms and bushfires.

The cost of these changes will vary across industries, but agriculture, which contributes 3% of the GDP, can expect to be heavily hit. For example droughts in 2002-2003 caused a reduction in output of 19%, reducing GDP by approximately 1% in the same year.6 Severe weather events can also have massive costs to the economy. The 2009 Victorian bushfires illustrate the massive human and economic costs of these extreme events, with 173 people losing their lives and 2029 homes destroyed along with 61 businesses, five schools and kindergartens, three sporting clubs and numerous other buildings. The cost for cleanup relief and rebuilding by the Australian and Victorian Government will be in the billions. In general, the Emergency Management Australia database indicates an upward trend in the number and cost of natural disasters in Australia,7 potentially making it impossible in the future for the insurance industry to cover the costs of natural disasters,8 increasing risk and volatility in the Australian economy.

**Opportunity in environmentalism**

For some industries and economies, reaching compliance will have an associated financial cost. Globally, the Stern Report predicts that the cost of reducing emission growth to stabilise CO$_2$ levels at 450ppm, the figure which limits environmental damages from climate change to ‘acceptable’ levels, will cost 1% of global GDP. However the cost for ignoring climate change would reach 5% of GDP, possibly increasing to 20% if more dramatic predictions occur.9

---

It is amazing the commitment that people feel toward our focus on sustainability and the environment.

Vivienne Cox, BP vice president for marketing
Signing the Kyoto protocol has allowed Australian businesses to take part in international carbon markets, reported by the World Bank to be valued at $30 billion in 2007. These markets are growing fast; the $30 billion figure is up 50% from 2006 and triple its worth from 2005 ($11 billion). Opportunities exist in almost all industries for products and services that are more sustainable, the Stern Report indicated that the market for low-carbon technologies could reach $500 billion by 2050.

Equity markets reflect these opportunities directly in the amount of money invested in socially responsible investments (SRI). The Sustainable Investment Research Institute (SIRIS) state that the total amount of money under management in Australia by SRI funds increased by 3587% in the past six years (2003-2008) to $11.98 billion, the European markets are estimated to total €1 trillion and nearly 10% of the $24.4 trillion (AUD) of US assets has some form of sustainable screening process.

The quadruple bottom line: economic, environmental, social, governance

For organisations to be truly sustainable, they must achieve success using multiple measures beyond the domains of financial performance. The quadruple bottom line (QBL) approach suggests organisations become accountable from an economic, environmental, social and governance perspective:

- Economic - traditional measures, market and financial performance;
- Environmental - the natural environment, air, water, natural resources and biodiversity;
- Social - human factors such as cultural and ethnic diversity, employee and safety issues and public interest; and
- Governance - frameworks and processes organisations have in place for the oversight, verification and measurement of sustainability programs and data.

The 2009 Corporate and environmental sustainability survey (the results of which are presented in this document) was designed to measure how the different dimensions of the quadruple bottom line motivate organisations when considering making investments to improve the sustainability of their organisation. Additionally, to understand what stops organisations from making these investments, a number of questions around barriers were asked, splitting these into six dimensions of a sustainability lifecycle approach: justify, strategise, analyse, monitor, govern and communicate. These dimensions are explained in Figure 1.

Figure 1: The Sustainability lifecycle.
Key findings

- 83.5% of respondents agreed that the development of unique value proposition was a key motivator
- 77.1% of respondents agreed that increased competitive advantage was a key driver
- Justification of sustainability programs was indicated as the number one barrier overall
- 55% of organisations found that not having a clear process for developing strategies for sustainability was an issue
- 55.7% of organisations were not aware of government compensation sources that were available to support initiatives

Economic factors

With the economic crisis impacting most organisations, it is not surprising that the highest ranked driver for organisations to implement a corporate and environmental sustainability program was economic. As indicated in Chart 4, this finding was consistent across industry, organisation size and the role of the respondent within the organisation.
Table 2 shows the economic attributes that respondents are seeking with their investments in their sustainability programs:

**Table 2: Economic benefit sought from sustainability initiatives**

<table>
<thead>
<tr>
<th>MOTIVATING FACTOR</th>
<th>YES</th>
<th>NO</th>
<th>NEITHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of a unique value proposition for our clients</td>
<td>83.5%</td>
<td>2.1%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Increased efficiency in our operations</td>
<td>81.8%</td>
<td>7.1%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Increased effectiveness in our operations</td>
<td>81.0%</td>
<td>6.0%</td>
<td>13.0%</td>
</tr>
<tr>
<td>Increased competitive advantage over our competitors</td>
<td>77.1%</td>
<td>5.2%</td>
<td>17.7%</td>
</tr>
<tr>
<td>Exposure to new markets for our products and services</td>
<td>73.4%</td>
<td>10.6%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Lower operating costs for our products and services</td>
<td>66.7%</td>
<td>15.2%</td>
<td>18.2%</td>
</tr>
<tr>
<td>To gain financial benefit from the new carbon economy</td>
<td>44.3%</td>
<td>18.2%</td>
<td>37.5%</td>
</tr>
</tbody>
</table>

**Performance: the driver for sustainability**

The economic attributes used to determine an organisation’s imperative to implement a corporate and environmental sustainability program can be assessed in terms of internal and external drivers for that particular organisation. While both will ultimately impact the organisation’s bottom line, the internal drivers are about improving effectiveness and efficiency within the organisation, while the external factors are about creating a competitive advantage in the marketplace (unique value proposition, new markets).

While all factors were seen as important by most respondents, the results in Table 2 show that development of a unique value proposition for clients rated highest of all attributes. With opportunities to engage in carbon trading in Australia increasing, respondents were less inclined to seek direct financial benefit from the carbon economy. It is unclear whether companies are looking more for financial savings from efficiency gains as opposed to external carbon markets and the opportunities they present. It is possibly too early for organisations to incorporate carbon trading and hedging strategies as they currently do with energy.

*Sustainability not only helps improve the world, but also energizes the company.*

Goran Lindahl, ABB CEO
Difficulties with justification of expense

Although the economic motivation is clear, organisations still face difficulty justifying expenditure in sustainability programs. Data presented in Table 3 shows that internal problems, such as a lack of a clear vision, and no process to embed sustainability prevent development of sustainability approaches that contribute systemically to the organisation. Similarly, perceived risks associated with developing programs come from not understanding time and financial costs, and the fluid nature of the regulatory environment at present. A point to note is that although there are increasing government resources available for sustainability, organisations are not aware of their existence. For example, the Queensland Sustainable Energy Innovation Fund (QSEIF) administered by the Queensland EPA assists Queensland based organisations to develop innovative technologies that reduce consumption of fossil fuels, water or greenhouse gas emissions.

Table 3: Justification barriers present in organisations for sustainability initiatives

<table>
<thead>
<tr>
<th>BARRIER TO ACTION</th>
<th>YES</th>
<th>NO</th>
<th>NEITHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not having a clear vision or objectives to be obtained from sustainability</td>
<td>59%</td>
<td>30%</td>
<td>11%</td>
</tr>
<tr>
<td>Not being aware of government compensation sources available to support initiatives</td>
<td>56%</td>
<td>24%</td>
<td>20%</td>
</tr>
<tr>
<td>Not fully understanding the process to embed sustainability within our organisation</td>
<td>24%</td>
<td>24%</td>
<td>22%</td>
</tr>
<tr>
<td>Not fully understanding the time and costs or benefits associated from implementing sustainability initiatives</td>
<td>54%</td>
<td>33%</td>
<td>14%</td>
</tr>
<tr>
<td>Belief that the regulatory environment for sustainability is still too fluid</td>
<td>47%</td>
<td>21%</td>
<td>32%</td>
</tr>
<tr>
<td>Not fully understanding what the business drivers are for us from sustainability</td>
<td>43%</td>
<td>45%</td>
<td>13%</td>
</tr>
<tr>
<td>Not fully understanding the risks associated with climate change on our organisation</td>
<td>38%</td>
<td>43%</td>
<td>19%</td>
</tr>
<tr>
<td>Not having buy-in from our board on sustainability</td>
<td>23%</td>
<td>55%</td>
<td>22%</td>
</tr>
</tbody>
</table>
Lack of strategic direction
Strategically, the core activities of developing sustainability programs and translating them into action are the biggest barriers to engagement. Organisations find difficulties in developing a clear business case for their programs and articulating vision or objectives. Similarly, as indicated by Chart 5, organisations find difficulties in developing strategies for sustainability. As justification of sustainability initiatives was listed as the most important barrier; not knowing the strategic benefits organisations can achieve through sustainability initiatives, such as access to carbon markets, would increase difficulties in justification.

IAG is one of Australia’s largest general insurance groups. In 2003 it initiated a program to facilitate the attainment of sustainability as an agreed purpose and a shared goal across the organisation. IAG understood that they needed to consider all aspects of its impact on society and to respond to the loss of community trust in the banking and insurance industry. Furthermore, reducing crime in the community and reducing the impacts of climate change, results in fewer claims and has a positive impact on IAG’s financial position. Hence the business case revolved around building social capital and maintaining their social licence to operate.

Case study from – Suzanne Benn and Dexter Dunphy, Corporate Governance and Sustainability – Challenges for theory and practice, Routledge, 2007

Chart 5: Not having a clear process for developing strategies for sustainability is a barrier to their development.
Social factors

Overall, respondents rated social factors as the second most important motivator for their sustainability initiatives. Organisations are seeking to improve relations with all stakeholders and to improve their reputation. It is evident that motivations for sustainability are more humanistic than environmental, this observation hints that pleasing stakeholders and gaining the associated competitive advantage drives organisations more directly than improving environmental performance.

Stakeholders and society

All of the social drivers assessed connect internal and external stakeholders to an organisation: community, staff, clients, etc. The results (Table 4) showed the driver ‘enhanced reputation with all stakeholders’ is the highest rating.

Table 4: Respondent data overall for social drivers for sustainability

<table>
<thead>
<tr>
<th>MOTIVATING FACTOR</th>
<th>YES</th>
<th>NO</th>
<th>NEITHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhanced reputation with all stakeholders</td>
<td>94%</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Meeting the sustainability expectations of our clients</td>
<td>93%</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Meeting the sustainability expectations of our own people</td>
<td>88%</td>
<td>3%</td>
<td>9%</td>
</tr>
<tr>
<td>Providing a respected and socially responsible working environment</td>
<td>87%</td>
<td>2%</td>
<td>11%</td>
</tr>
<tr>
<td>Meeting the sustainability expectations of our community</td>
<td>84%</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>Increased ability to attract and retain new and valued employees</td>
<td>77%</td>
<td>5%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Internally, meeting the expectations of the organisation’s people, ability to attract and retain employees, and the ability to provide a respected and socially responsible working environment, rated highly. Externally, respondents’ agreed that meeting the sustainability expectations of the community (84%), clients (93%) and stakeholders (94%) in general. Satisfying internal stakeholders does not rate as highly as external, possibly due to external stakeholders’ direct commercial impact.

Key findings

- 94% of respondents agreed that enhanced reputation with all stakeholders was a key driver
- 93% of respondents agreed that meeting the sustainability expectations of clients was a key driver
- Medium to large organisations see social drivers as the second most motivating factor in establishing a sustainability management program

The best professionals in the world want to work in organizations in which they can thrive and they want to work for companies that exhibit good corporate citizenship.

Jim Copeland Jr., former CEO of Deloitte Touche Tohmatsu
Size and position changes priorities

Medium to large organisations rated social drivers as the second highest motivating factor for investing in sustainability (Chart 6). This is reflected in the individual responses by CEOs, COOs, and directors rating social drivers as the second highest motivating factor. Small organisations differed, rating social drivers third behind environmental drivers. This can be attributed to lower public profiles of smaller organisations and, therefore, lower expectations in the community.

Lack of understanding an issue

Responses to the analysis barriers that organisations are faced with regarding sustainability are collected in Table 5. From this data, a lack of understanding can be seen about what stakeholders, i.e. clients, suppliers, community and staff, expect from the participant organisations. Without knowledge of these expectations, directing investment to improve performance in meaningful ways becomes more difficult.

Table 5: Respondent data overall for analysis barriers for sustainability

<table>
<thead>
<tr>
<th>ANALYSIS BARRIER</th>
<th>YES</th>
<th>NO</th>
<th>NEITHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not fully understanding what our community expects from us in relation to sustainability</td>
<td>49.4%</td>
<td>35.4%</td>
<td>15.2%</td>
</tr>
<tr>
<td>Not fully understanding what our clients expect from us in relation to sustainability</td>
<td>46.2%</td>
<td>30.8%</td>
<td>23.0%</td>
</tr>
<tr>
<td>Not fully understanding what our own people expect from us in relation to sustainability</td>
<td>45.0%</td>
<td>32.5%</td>
<td>22.5%</td>
</tr>
</tbody>
</table>
Key findings
- 91.7% of respondents agreed that the reduction of energy usage was a key driver
- 85.3% of respondents agreed that the reduction of waste was a key driver
- 75% of respondents agreed that reducing the environmental impact of processes on the local environment was a key driver
- Economic drivers rated highly across industry type, organisational size and respondent role types

Environmental factors

Environmental factors rated as the third most important overall. As the economy improves and as government legislation becomes entrenched, focus on the environment is expected to increase. Responses in Table 6 indicate that while organisations were not particularly concerned with their impact on the local environment they were motivated to improve environmentally when there is clear economic benefit. Organisations are looking to achieve these economic benefits through waste reduction and reduction in energy, fuel and water usage.

Table 6: Respondent data overall for environmental motivators

<table>
<thead>
<tr>
<th>MOTIVATING FACTOR</th>
<th>YES</th>
<th>NO</th>
<th>NEITHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce our energy consumption rates</td>
<td>91.7%</td>
<td>2.1%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Reduced waste</td>
<td>85.3%</td>
<td>4.2%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Reduce our organisational fuel usage</td>
<td>76.1%</td>
<td>8.0%</td>
<td>15.9%</td>
</tr>
<tr>
<td>Reduce the immediate impact on our local environment from our processes and services</td>
<td>75.0%</td>
<td>5.4%</td>
<td>19.6%</td>
</tr>
<tr>
<td>Reduced water usage rates</td>
<td>69.2%</td>
<td>5.5%</td>
<td>25.3%</td>
</tr>
</tbody>
</table>

Disparity throughout the organisation

Trends emerge when analysing the data for different levels within the organisation, as shown in Chart 7. At the levels of staff and directors environmental motivators rank second; however, for managers at the CEO, CFO and COO level, environmental motivation is replaced with economic motivators. This is possibly due to executives having primary responsibility for reaching the financial targets of the organisation.

Chart 7: Respondents' number one motivator for sustainability at different levels in the organisation
**Self awareness a problem**

Chart 8 shows that organisations overwhelmingly agree that they do not fully understand their current carbon footprint (emissions of carbon dioxide equivalent). Without this information, it is difficult for organisations to understand the investments required to negate their environmental impacts and, therefore, they do not have a starting point to develop ongoing initiatives to rectify.

Analysis barriers rated higher for managers and staff than directors and senior executives, possibly due to the fact they are responsible for collecting this data and, therefore, can identify shortcomings within their respective organisations.
Governance factors rated lowest for respondents overall. These drivers primarily relate to legislative, management and accountability issues. Although currently a low priority, and as climate change legislation becomes more entrenched, it is possible that governance issues may become more important. Risk management and meeting fiduciary duties were also a key reason for many organisations to introduce governance into their management structures. Respondents agreed that all governance drivers were important for investment in sustainability within their organisation (Chart 9).

Non-mandated factors may drive organisations to improve their governance. For example, social drivers can pressure organisations to introduce accountability and transparency changes. Similarly, satisfying stakeholder requirements is also an important factor in this area, and this can be seen in the high volume of sustainability reporting amongst public companies despite limited legislation.

Key findings
- 81% of respondents agreed that meeting mandatory regulatory requirements was a key driver
- 77% of respondents agreed that providing a stronger stakeholder engagement process was a key driver
- High percentages of respondents were ambivalent about several of the drivers i.e. they neither agreed nor disagreed that governance issues were key drivers
- 65% of respondents indicated that not having a reporting framework was a barrier to undertaking sustainability initiatives
- 64% of respondents declared that not having a process for monitoring progress of sustainability initiatives was a barrier
- 59% of respondents indicated that not knowing how to report was a barrier
- Whilst less than 10% of Directors found monitoring to be the number one barrier to undertaking sustainability initiatives, more than 30% of the Executive found it to be number one, making it the most common for that group

Chart 9: Overall governance motivators for respondents
Embedding sustainability
Results indicated that sustainability and governance are not fully integrated. When risk issues are incorporated however, governance has a closer connection. Organisations found the lack of a framework as a major barrier, with 65% of respondents stating this to be the case. This trend, from Table 7, is more pronounced in the small to medium enterprise sector; and with larger entities soon having to report using the NGERS reporting framework (although delayed until 2011), this result is even more significant. Another point of interest was that organisations did not fully understand what suppliers are doing in relation to sustainability (55.8%). Without knowledge of upstream activities (suppliers), organisations cannot fully understand what their own impacts are nor report against them.

Table 7: The number one priority for organisations by size

<table>
<thead>
<tr>
<th>ORGANISATION SIZE</th>
<th>ECONOMIC</th>
<th>ENVIRONMENTAL</th>
<th>GOVERNANCE</th>
<th>SOCIAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large (&gt;500fte)</td>
<td>42.86%</td>
<td>11.43%</td>
<td>20.00%</td>
<td>25.71%</td>
</tr>
<tr>
<td>Medium</td>
<td>42.86%</td>
<td>14.29%</td>
<td>17.86%</td>
<td>25.00%</td>
</tr>
<tr>
<td>Small (&lt;20fte)</td>
<td>55.56%</td>
<td>25.00%</td>
<td>2.78%</td>
<td>16.67%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>47.47%</td>
<td>17.17%</td>
<td>13.13%</td>
<td>22.22%</td>
</tr>
</tbody>
</table>

There needs to be a sense of urgency. It’s not rocket science. If you can’t measure it, you can’t manage it and you have no hope whatsoever of getting it under control.

Bernard Wheelahan, Non-Executive Chairman, Pacific Hydro
Studying the barriers for sustainability from a governance perspective (Chart 10) shows that all were seen as barriers with all questions receiving a greater than 60% affirmative response rate in the category of either ‘Agree’ or ‘Strongly Agree’. Not having an understanding of the process for verification of sustainability data rated as the largest issue within the governance barrier section.

Chart 10: Overall governance barriers for respondents

- Not having a clear understanding of the process for verification of our sustainability data
- Not having a knowledge management approach to capture data
- Not having a clear governance framework for oversight of sustainability
- Not having a process for ongoing training and education of our resources
- Not having a clear understanding of the process for certification of our sustainability approach

Bar chart showing the percentage of respondents who agree, neither agree nor disagree, or disagree with each barrier.
What does this mean?

The impact that Australian businesses have on the environment is irrefutable. Queensland organisations are aware that in addition to financial performance they need to improve their environmental/social impacts and governance in order to be sustainable and maintain their licence to operate from the communities in which they exist. However, organisations need to learn how to overcome barriers preventing investment in the infrastructure, technologies, manpower and expertise required to improve their sustainability.

Respondents indicated the difficulty in justifying sustainability investment, so strategies must be developed to sell sustainability internally. Organisations indicated they are strongly motivated by economic performance and that this manifests through wanting organisational efficiency and effectiveness improvements.

For organisations finding it difficult to make larger investments, initial gains can often be made with small investments such as motion detecting light switches, and often simple behavioural changes, such as more efficient driving practices. These gains could be collected into a funding pool for future, larger strategic investments in sustainability. Additionally, there exists many opportunities to access funding from government sources to make sustainable improvements to organisations. However, the data tells us that companies still require help in identifying the Federal and State government assistance available to them.

It was interesting to discover that organisations rated social and environmental motivation almost equal. The ‘social contract’ given to companies by the communities in which they operate means that organisations need live up to their responsibilities in relation to both human and environmental factors. Organisations need to find ways to improve engagement with stakeholders to meet expectations and improve their reputation.

Responses indicated the difficulties organisations are facing in successfully communicating sustainability achievements to their communities. But frameworks such as the Global Reporting Index (GRI) can provide direction to organisations. The added advantage is that these frameworks can give much needed structure to quantitative internal reporting which can address the difficulties that organisations are having in analysing and monitoring their sustainability initiatives.
It is perhaps telling to recognise the data reflecting the lack of alignment between the existing corporate governance frameworks and frameworks to ensure oversight of sustainability initiatives. Without this alignment, organisations will lack the structure to not only identify the objectives for sustainability, but the process to enable, monitor, report and communicate to stakeholders.

Organisations acknowledge difficulties in linking strategic direction to social and environmental factors which is limiting the possible benefits that they can achieve. By avoiding ‘one-size-fits-all’ approaches, and examining what is unique about their circumstances, organisations can often develop innovative solutions that go beyond environmental performance, and can open their organisation to new markets and opportunities.
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Effective Governance
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BDO Kendalls
BDO Kendalls is a business and corporate advisory firm that has the ability to assist organisations to develop and implement best practice models to improve performance and operational effectiveness while building trust with key stakeholders and the communities in which they operate. The financial issues associated with an organisations journey to sustainability are complex and can be difficult to implement without specialist knowledge and in many cases will require external verification. BDO Kendalls can help organisations to maximise the sustainability of their organisation, ensure they cover off on any risks and take advantage of the opportunities presented to them.

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References


