

Reduce Your Carbon Footprint People + Planet = Profit

■ Cover Story: Sustainable Businesses

WOULD you prefer to be classified as a ‘sinful’ consumer, or a ‘socially-responsible’ consumer?

‘Sinful investing’ was originally used to describe investors who put money in industries such as alcohol and tobacco. It now refers to those who invest their money in industries that indulge in unethical or unsustainable business practices, such as child labour, or misuse scarce environmental resources.

In the last decade, the importance given to corporate social responsibility (CSR) has increased in most global corporations. CEOs, investors and stakeholders have started to realise that keeping the environment in mind can positively impact organisational performance in many expected and unexpected ways.

The Brundtland Report (*named after Dr. Gro Harlem Brundtland, the youngest person and first woman ever to hold the office of Prime Minister of Norway; she spearheaded the initiative, which ultimately led to the Earth Summit in 1992*), published in 1987 by the United Nations’ World Commission on Environment and Development, defined sustainable development as “meet(ing) the needs of the present without compromising the ability of future generations to meet their own needs”. This brings us to the concept of renewable

Aditi Sharma *analyses the unavoidable need for corporations to shift to environment-friendly business practices that will help reduce carbon emissions, and in the process, proves that sustainable business will be the only profitable business as we move into the next round of corporate social responsibility and the issue of sustainability gains ground across the world*

and non-renewable resources. Even non-renewable resources like coal, oil and natural gas sure are ‘renewable’ – except that we would have to wait another 300 million years for them to be renewed. The distinction here has to be based on a rational timeline.

Companies all over the world have been hit by the recent economic downturn. As they look to cut costs in the short-term, the concern is that socially-responsible practices may be chalked out of business plans. What many may not have realised yet is that it is these socially-responsible practices that will actually help them reduce costs, not just in the short-term, but for years to come. The rapid growth of India Inc. in the past few years has led to natural resources being depleted at a rate that is faster than the rate of restoration.

If this trend continues, most globally-admired companies will be out of business. Growth of businesses will always be dependent on the resource that is available the least, rather than the total resources available. And if there is no planet, there really will be no business to do anymore.

Fortunately, a lot of respected companies have already adopted the green agenda into their business mandates and are showing real progress in terms of returns on investment.

The United Nations is also getting serious about sustainability, as it has already ratified the ‘Triple Bottom Line’ (TBL) approach, which requires businesses to measure their performance against metrics that take into account economic, social and environmental value added (*or destroyed*), during the





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process of wealth creation. John Elkington, the man behind the TBL concept (also known as the 'people, planet, profit' approach) tells us, "The most immediate benefits tend to be with a company's employees, in terms of morale and with communities affected. But as major international companies try to green their supply chains, sound environmental performance can be a factor in deciding who gets contracts. The investment community hasn't switched on to the degree that it ought to have, but things are changing as issues like climate and water press in."

Environmentalism is not just about

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saving the planet. It is about the company's bottomline too. Erol Hofmans, Executive Director at Center for a World in Balance (a non-profit foundation that exemplifies interconnections between em-

ployment, economy, and the environment) explains, "All work should be aimed not towards the maximisation of financial profit, but towards the maximisation of the balance between economic, social, and environmental capital. In this way, everyone profits."

A fundamental shift in thinking seems to be seeping through corporate arenas across the world. Corporations have realised that they were wrong to think that green can mean only dollar bills, and not the environment. A lot of this thinking change has taken place due to the end customers: they have made it clear that they expect businesses to behave as global citizens, taking up part ownership and responsibility for ensuring that there is a future for the coming generations. Taking the right steps in the present will provide companies with higher profit margins in the long-term.

Case in point would be Wal-Mart, the retail giant that is one of the few companies that is continuing to do well in a down economy. Proving that greening the business is not just another showpiece to attract consumers, Wal-Mart brought in the concept of going green in its supply chain to gain

The Carbon Trust on Workplace Emissions

- Office lights left on overnight use enough energy in a year to heat a home for almost 5 months.
- A chiller door left open for 30 minutes a day wastes enough energy in a year to power a lighthouse for nearly 4 days.
- A 2°C increase in office temperature creates CO₂ to fill a hot air balloon.
- Air conditioning an office for 1 extra hour a day uses enough energy in a month to power a TV for over a year.
- A computer left on overnight for a year creates enough CO₂ to fill a double-decker bus.
- A photocopier left on standby wastes enough energy to make 30 tea cups.



higher profit margins. The company, in 2007, encouraged its suppliers to produce environmentally-friendly detergents. The product was then made more concentrated, which reduced the size of the packing. This simple bit of innovation lead to significant savings in shipping costs as well as shelf space for the retailer.

The best way forward, under the present scenario, is to introduce legislation that requires companies to either change their ways or face penalising consequences. This would ensure that companies are forced to take the required steps to reduce their carbon footprints. This forced change in behaviour will lead to a change in business attitudes as companies will find more and more live examples around them of businesses that are sustainable and yet highly profitable.

WHILE COMMITMENT MAY FLOW FROM THE TOP MANAGEMENT, ownership must be taken up by HR managers as they have to propel the message forward by setting the right examples

From the companies' perspective, bringing in legislation would help them create the right business strategies now, rather than having to change or revamp their business models in the future in accordance with regulation changes. It

would be quite sensible for for transnational companies to comply with environmental laws that are applicable in their strictest country of operation. Not only would this ensure a consistent and appreciated business model, it would also allow companies to adapt to various markets easily, as and when regulations are introduced.

It will not be surprising to see most companies introducing the position of 'Chief Sustainability Officer' in the very near future. These would be individuals who can lead the green initiatives within the organisation due to their strong beliefs in the need to bring about change. They should be aware about the looming sustainability crisis, and be able to look at the big picture. They need to feel very strongly for the cause, and it is then that their passion will reflect on those around them.

Since this change process is extremely people-oriented, the role of HR is crucial. While commitment may flow from the top management, ownership will have to be taken up by HR managers. They have to propel the message forward by setting the right examples. Policy changes may be required, and communication about the changes that are to take place has to be done in clear, transparent, and humble terms. Top management support is vital and nothing can happen if the leaders, those who set the examples for the rest of the company, do not really believe in 'going green' themselves. Small gestures, such as using eco-friendly fuel, or disallowing plastic bags on office premises, are

EXCLUSIVE

Maria Stamas *Expert on 'Natural Capitalism' and analyst at Rocky Mountain Institute (American organisation dedicated to sustainability, working with more than 80 Fortune 500 companies)*

Economists typically reference 3 kinds of capital: financial, human, and infrastructure/manufactured capital. What they miss is natural capital: the resources, living systems, and ecosystem services necessary to keep our economy chugging. Natural capitalism's goal is to profitably transition to a more sustainable future by using resources more productively and creating meaningful jobs in the process.

- Look around your operations and start increasing your efficiency: 3M has saved over \$1 billion dollars through its 'Pollution Prevention Pays' programme, which has effectively reduced pollutants by 2.6 billion pounds, volatile organic compound emissions by over 90%, and greenhouse gas emissions by 5 % from a 1990 base year.
- Examine your product design to see if there are ways to substitute resources with non-toxic ones: DesignTex (a division of Steelcase) replaced its upholstery fabric with a compostable version. This eliminated all toxic effluent that used to flow from the factory.
- Capture or sell your waste stream: Caterpillar's remanufacturing division averages \$1-\$2 billion in annual earnings.
- Rethink your business model: When Seagate Technology, a disk-drive manufacturer that spends \$54 million a year on chemicals, hired a chemical service provider, they reduced their 10,000 square feet of inventory by 50 % and reduced \$800,000 worth of carrying costs associated with chemical storage.

Indian Industry Experts on Business Sustainability

1. **Hari Nair** (VP-HR, Sona Koyo Steering Systems Ltd.): "We are an ISO 14000 compliant organisation. We have rain water harvesting pits across the company and a biogas plant for solid waste management."
2. **Yogesh Misra** (Head-Northern Region, Thomas International Ltd.): "The Aravalli Range has to be conserved. It is the only thing preventing the desertification of Delhi, even as mining companies are cutting into it every day."
3. **Indranil Mitra** (DGM-HR, NTPC Vidyut Vyapar Nigam Ltd.): "Our parent company, NTPC Ltd., reduces emissions from power plants using 'Electrostatic Precipitation Technology'. This ensures that ash is safely disposed off."



EXCLUSIVE

**John Elkington**

Described by BusinessWeek as the “dean of corporate-social responsibility movement...” and author of ‘Cannibals with Forks: The Triple Bottom Line of 21st Century Business’

In the US, I see GE as a company that is trying to do the right thing with its ‘Ecomagination’ initiative, while Exxon-Mobil still seems to be caught in an old order, lobbying behind the scenes for slower action on climate – although even they now seem to be shifting their ground as the Obama Administration begins to address climate change in ways that would have been unimaginable under the Bush regime.

symbolic enough to create history, and they go a long way in reinforcing top management commitment.

The Kyoto Protocol, a set of international courtesy rules introduced at the Earth Summit in 1992, was one of the biggest steps taken in the direction towards reducing carbon emissions in industrialised countries. This protocol aimed at a five-pronged approach: commitment (*towards reduction of greenhouse gases*), implementation (*of clean mechanisms*), minimising impact (*on developing countries*), integrity (*through accounting, reporting and review*) and compliance (*through the establishment of a compliance committee*). With four of these five aspects dealing directly with people management, HR’s importance is highlighted yet again.

Léo Apothekar, the co-CEO of SAP AG, believes that businesses need to behave in a responsible manner. He says, “Alongwith ensuring that our business operates in a sound and ethical manner and leaves a minimal environmental footprint, we are also responsible for providing information technology solutions that help businesses of all sizes

better manage their sustainability performance. As a result, we aspire to take a leadership position by addressing social, environmental and governance challenges on a global scale – and ensuring that sustainability performance continues to be an intrinsic part of SAP’s corporate and product strategy.”

Hugh Jones, the Solutions Director at The Carbon Trust (*a government-funded independent company helping businesses in the UK cut carbon emissions*) reiterates the point of appointing ‘green agents’, “Our research shows that those workplaces where a ‘Carbon Champion’ has been appointed say it encouraged more action to reduce emissions. You can put in energy-efficient boilers, or install low-energy light bulbs, and those will make a difference, but many of the measures that will have the biggest impact and achieve the greatest savings require buy-in across your workforce.”

According to a 2008 Carbon Trust report into employees’ attitudes to carbon

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reduction, 70% of employees surveyed said they wanted to cut their carbon emissions, but wanted more guidance and empowerment. The good news is that empowering employees does not need to be costly and the results can have an almost immediate impact. While four-fifths (80%) of those surveyed said there was no training to teach them how to reduce emissions, of those that had been trained, an overwhelming 93% rated it as ‘fairly’ or ‘very’ useful. Many employees are not waiting for permission to take action with almost half (49%) having already taken personal steps to reduce their emissions at work in the last 12 months.

‘Greenwashing’, though, has been a concern since sustainability came into the limelight, being the practice of misleading outsiders into believing that a company is adopting environmentally-friendly business practices. For instance, ‘energy-efficient’ electronics may contain hazardous materials, while ‘certified organic’ shampoos may have no certification to verify this claim. Fortunately, consumer awareness is increasing even as corporate consumers are taking pains to ensure comprehensive quality testing in business-to-business dealings. In this scenario, it really makes no sense for companies to go about things the wrong way by misleading their consumers; as soon as they start ‘talking’ about their green practices, consumers will expect them to ‘walk the talk’.

‘Natural capitalism’ is another crucial component of sustainability. Maria Stamas, analyst at the Rocky Mountain Institute (*an American organisation dedicated to sustainability, working with more than 80 Fortune 500 companies*) and a strong proponent of natural capitalism explains the principles behind the concept, “Natural capitalism is about productive use of resources, biomimicry (*modelling manufacturing processes on biological ones*), reinvesting in natural capital (*businesses/governments should begin to invest in sustainable agriculture*), and service-based economy. People want hot showers and cold beer, they don’t care about how these services are produced. In other words, it is not essential that we use fossil fuels to create the showers and drinks. Instead, we can create more efficient processes and use renewable energy technologies to power them.”

Going green is not just a fashion statement anymore. More companies are taking it seriously, and doing their bit to conserve resources or create awareness. Companies love being recognised for their greening efforts, whether it is through increased consumers’ trust or through CSR awards. And it really does not cost much to talk about the green initiatives that a company may



be undertaking: all they need to do is put it up on their website, or give it some space in their brochures (*although unnecessarily printing brochures and reports that go into too many pages may just go against the whole 'environmental' philosophy*). In the process, the company and its employees would feel good about themselves, while customers will also be suitably impressed.

It is not irrational to worry about the future of this planet. Some may say that the entire concept of global warming is a sham, while the reality remains that natural resources really are scarce. Being optimistic and doing our bit towards greater sustainability will ensure an easier life for the coming generations as well as lengthier business cycles for those who choose cleaner options. And while the decision to shift to healthier alternatives may be slightly harder for certain companies, the Government could play its part by offering the right

kind of incentives.

As Balaji Ganapathy (*Head HR-CTO, Tata Consultancy Services*) puts it, "It will soon become common to talk about the carbon emissions of your daily rides to office or a fellow manager's air travel. Beyond these surface indicators of today lies a strong underlying message; we have traversed the journey from the time when 'green=obligation' to 'green=opportunity/necessity'.

Even on an individual basis, there is plenty you can do to generate awareness. Talk about saving the environment on your blog and share your experiences with others. Email experts and share their comments with your colleagues. Ask questions about sustainability in your networking meetings. The more we discuss the need for CSR and sustainability, the more we talk about it, the more 'buzz' we create around it; the sooner will we see a huge amount of positive change taking place. Hugh

Jones from The Carbon Trust adds, "In the current economic climate it's never been more important for all businesses to act on climate change. With savings of up to 20% to be made on energy bills through no cost or cost effective measures it makes perfect business sense to empower employees to do their bit both at work and at home. You need your teams to think twice before printing documents, to turn off their PCs, to participate enthusiastically in recycling schemes and to consider the carbon footprints of the methods of travel."

The green revolution is here to stay and there is no excuse for not becoming a part of it. Let us save the planet. It is the only logical thing left to do, considering the amount of resources that have already been plundered away. Green needs to become an integral part of our work ethic, for it is only when people work in harmony with the planet, will profits pour in like never before. **thf**

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