

Case Study 1: Civil Constructions

EXECUTIVE SUMMARY

THE ORGANISATION

- Civil Constructions is a large supplier of construction and building materials. The company has several thousand employees and operations in several continents.
- The company is publicly listed on the Australian Stock Exchange.
- It is a complex, decentralised company placing emphasis on the financials but also on the social and environmental impacts of its business.

ENVIRONMENTAL ISSUES AND TARGETS

- The three main environmental concerns are energy and GHG emission reduction, waste management and water conservation.
- The company has developed a sustainability tool to address environmental and other issues.
- This tool brings together information from a variety of regulatory sources such as the Global Reporting Initiative, the Social Venture Network and The Business Council of Australia.

ENVIRONMENTAL MANAGEMENT SYSTEMS

- Only a very small number of physical sites are actually accredited to ISO 14001 as the company sees limited benefit from accreditation of the smaller sites.
- The role of the CEO is important in the move towards development of systems to support sustainability and environmental management.
- An initial focus on compliance, driven by central oversight, is complemented by decentralised decision making in relation to sustainability matters that will lead to improving income and environmental performance up to industry best practice.

REPORTING

- Sustainability reporting is seen as the responsibility of corporate affairs under guidance from the chief executive officer.
- Assurance about the contents of the sustainability report has been moved from an accounting firm to a sustainability reporting assurance provider.
- Divisional (rather than consolidated) data was seen as credible and a good basis for measuring performance. The ability to consolidate useful environmental information at company level is questioned.
- The perception of environmental audit is that it is a costly and time consuming business.
- Internal reporting on environmental issues at site level occurs each week. In addition, a monthly report on environmental issues at the divisional level is reported to HO and then quarterly to the board. An environmental audit occurs every six months. A sustainability performance audit is completed every two years.

SUMMARY

- Central administration assumes responsibility for compliance issues, whereas profit making through sustainability opportunities is devolved to divisional managers.
- The organisation experiences continuous improvement over time by disseminating sustainability throughout all levels of the organisation, and to all relevant stakeholders.

Case Study 2: Plastic Solutions

EXECUTIVE SUMMARY

THE ORGANISATION

- Plastic Solutions is a diversified plastics manufacturing company, publicly listed on the Australian Stock Exchange, that has recently been in a precarious financial position.
- The board of directors of the company has a strong focus on the need for growth.
- The primary influence on the development of an EMS was a chemical spill (\$50,000 fine by EPA).

ENVIRONMENTAL ISSUES AND TARGETS

- Australia has been facing severe water shortages through drought in recent years and so the demand for plastic water containers has increased.
- Recent changes in water management legislation in Australia have led to increasing demand for solutions associated with water poor areas where restrictions have been introduced and the price of water supplies has been increased.
- An additional important stimulus to the growth of business is the availability from state governments of rebates on purchases.
- The company recognises the problems caused by packaging of its products and has been a signatory of the National Packaging Covenant for five years.

ENVIRONMENTAL MANAGEMENT SYSTEMS

- An environmental policy has been in place for several years.
- The Solutions division, via its risk management programme annual questionnaires, reviews the environmental performance of the corporation's sites.
- A certified EMS was introduced in the 2005/6 financial year, partly due to a significant chemical spill and partly due to supply chain pressure via the automobile industry.

REPORTING

- There is no external reporting mechanism, the information is viewed as competitively sensitive, and general reporting is not supported.
- The company does not provide information to the public on safety, health and environmental performance on any of its websites.
- External reporting (including an environmental statement) through the annual report is compliance driven by the Corporations Act 2001.
- General external reporting appears only to relate to incidents or environmental crises.
- Internal reporting of environmental issues is part of the reporting system for occupational HS&E: a monthly environmental statement is produced from summarised questionnaires.

SUMMARY

- The company has been led reactively into developing a concern for environmental matters.
- A senior appointment of a manager has been made in order to lead the company out of its reactive, ad hoc approach to environmental management.
- Currently, there is not a champion on the board for environmental matters, which means that there is no emphasis from the very top.
- Basic data about carbon dioxide emissions, water usage, and electricity consumption are not gathered and systematic tracking of this data is not envisaged by the board.
- Relationships with stakeholder groups are ad hoc in relation to occasional significant incidents which are managed from the top of the organisation.

Case Study 3: National Miner

EXECUTIVE SUMMARY

THE ORGANISATION

- National Miner is a large diversified resources company listed on the Australian Stock Exchange, with primary operations throughout Australia.
- As an integrated miner and ore processor, it must comply with considerable government regulation and specific regulations and licensing conditions enforced by various state EPAs.
- The company maintains external certification to AS/ISO 14001 at all major mining and processing sites and is subject to National Pollution Inventory reporting requirements for a number of its sites.

ENVIRONMENTAL ISSUES AND TARGETS

- In 2006/7 the company's greenhouse emissions amounted to over 0.5% of Australia's total.
- There is no current evidence of company targets on environmental performance.
- At the operation site studied (site A), dust management is a critical issue encountered in the transportation of ore to export areas.
- Environmental management has not been centralised: it has been the primary domain of operational managers – as a consequence no organisation wide performance targets are recognised and the lack of formal external reporting of specific performance.

ENVIRONMENTAL MANAGEMENT SYSTEMS

- The environment policy commits to communicating environmental issues and contributing to the development of policies, legislation and regulations that may affect the company.
- Governance of environmental issues is overseen by the company's occupational HS&E committee.

- National Miner has all major sites accredited to ISO 14001 and compliance is assured through an annual process of external review.
- The company has various, active groups with specific remits: an environment network, a sustainability panel and an environmental consultation group (site A only).

REPORTING

- Site-based reporting tends to be more technical (driven by EPA requirements) but has enabled a more flexible and timely response to community concerns.
- Corporate level reporting includes an employee newsletter (also published on the website) and information in the annual report.
- The current emphasis is on site level response and management, with no intent of corporate level intervention on decentralised responsibilities.

SUMMARY

- The need to consider environmental performance is now influencing the way decisions are made within the organisation.
- A separate sustainability report is not published. The argument for this is that sustainability is about managing process, not reporting on processes through a separate report.
- The interviews show that the company has projected an image of focusing on the fundamentals of environmental and sustainable management.
- The decentralised approach has served the company well in the past as it has grappled with varying state-based regulations. This may prove restrictive in a changed regulatory environment where organisations are expected to report and manage environmental performance consistently across all activities.

Case Study 4: Local Miner

EXECUTIVE SUMMARY

THE ORGANISATION

- Local Miner is a small scale miner listed on the Australian stock exchange. It has a single operational site near to a city.
- It is a new company that has had the opportunity to develop all its management and reporting systems in an integrated way from a clean slate.
- Local Miner is subject to National Pollution Inventory reporting requirements, and is a signatory to both the Minerals Council of Australia's *Enduring Value* and the Australian Government's *Greenhouse Challenge Plus* programme.
- At the board level, it has a HS&E and security committee. It also has an independent environmental review committee (ERC).

ENVIRONMENTAL ISSUES AND TARGETS

- Local Miner has adopted a proactive strategy towards management of environmental impacts and issues arising.
- Most of the operations of the mine site are below ground, with the physical presence restricted to the mine entrances and tailing ponds. Approximately 20% of all materials mined are taken above ground, with the remainder used as back fill.
- The company is subject to stringent environmental performance requirements.

ENVIRONMENTAL MANAGEMENT SYSTEMS

- The EMS is evolving – the company is small and has not yet commenced commercial operations – and is drawing upon ISO 14001, Minerals Industries risk management model and from *Enduring Value*.

- One of the significant catalysts for change and development of the EMS is the contractors employed by the company.
- A community advisory board is being set up to provide a conduit for engagement on any issue of relevance to the broader community.
- The company is also establishing a community hotline and undertaking an annual community attitude survey.

REPORTING

- Formal reporting occurs via their annual report, web-site and environmental report.
- Informal reporting is done for specific community stakeholders on specific issues.
- The company has issued an environmental report since 1999 – the latest one follows the 'G3' GRI and has been verified by an independent consultant. Targets are set and actual performance reported on.
- Face-to-face communications is seen as the most effective avenue for engagement but additional engagement activities are undertaken.

SUMMARY

- Local Miner is a medium-sized organisation with central control over and direct executive involvement in the ways in which environmental issues are addressed. The company is proactive in engaging the local community.
- The company is not constrained by prior operating systems, stakeholder engagement is a key component in the licensing considerations and the size of the company means that key executives are involved in day-to-day operations.

Case Study 5: Capital Water

EXECUTIVE SUMMARY

THE ORGANISATION

- Capital Water is owned by an Australian state government and operates in one of the largest cities. Its purpose is to supply water, waste-water, recycled-water and some storm-water services.
- The operating license requires the development of a five-year environmental plan through a public consultation process.
- The environmental focus is largely led by regulatory requirements and the need to negotiate performance criteria on a regular basis.

ENVIRONMENTAL ISSUES AND TARGETS

- Capital Water does not explicitly state its major environmental impacts, but the targets set indicate that the key impact is seen as the extraction of water from the environment.
- Capital Water's reporting of quantified targets in its annual report and in its climate change strategy document is limited.
- On its website (accessed 19 June 2008), Capital Water aims to be carbon neutral by 2010 and to reduce emissions by 60% by 2012 (base level not provided).

ENVIRONMENTAL MANAGEMENT SYSTEMS

- Capital Water has a five-year corporate plan which includes environmental targets, although less than previously as greater trust is placed in the EMS.
- The environmental plan is not formally part of the corporate plan but sets the organisation's focus on the environment.
- Environmental planning is integrated into business and strategic planning through a sustainability scorecard.
- The process for considering social and environmental impacts of capital investment decisions lacks formalisation and robustness.

- The waste-water management system integrates safety, quality and environmental issues and is certified to ISO 14001. One service provider is used to audit all ISO certified management systems.
- Regulators and suppliers are the company's two main stakeholders groups. Engagement with other stakeholders on environmental issues is limited.
- The company works with the operational license regulator to get EMS requirements into the operating license agreement.
- Environmental data is reported internally on a quarterly basis.

REPORTING

- The main influences on environmental reporting are the operating license requirements and the environmental plan, as determined by regulation.
- It has integrated sustainability reporting into its annual report since 2003.
- The annual report for 2007 lacks reporting of trend data and reporting of environmental performance data against quantified targets. In addition it provides little information on: environmental management systems; stakeholder engagement processes; and sustainability reporting processes.
- The GRI guidelines inform the selection of sustainability indicators and their assurance process uses the AA1000 assurance standard.
- The EPA provide feedback on environmental reporting, but there are no stakeholder forums. Little feedback was received from the general public.

SUMMARY

- Capital Water is a large complex organisation operating in a highly regulated environment which has a significant influence on its strategy, planning and systems.
- The relationship with the regulators is critical and one which has evolved over time.

Case Study 6: Driland Water

EXECUTIVE SUMMARY

THE ORGANISATION

- Driland Water is a water retailer and sewerage treatment provider owned by an Australian state government and serves people in one of Australia's largest cities.
- Driland Water operates in a highly regulated environment with a number of government agencies and regulations involved in defining its environmental focus, setting targets, guiding processes by which targets are achieved and monitoring performance.
- Driland Water's mission statement includes being recognised for its commitment to sustainability of the environment. Improving its environmental performance is one of the company's six business objectives.

ENVIRONMENTAL ISSUES AND TARGETS

- The current Australian drought has significantly influenced the environmental priorities as well as operational issues and capital investment plans.
- Driland Water's major environmental impacts are caused by the extraction of water from the environment, greenhouse gas emissions and discharges of waste to the environment.
- Driland Water has four key elements of business focus: customers, environment, efficiency and culture.
- In 2002, Driland Water set ambitious targets which go well beyond compliance levels.

ENVIRONMENTAL MANAGEMENT SYSTEM

- Driland Water claims to be the first Australian water utility to prepare an environmental cost statement.
- In 2000 the company was recognised as being the first to have an integrated management system based on the principles of ISO 9001, ISO 14001 and HACCP (Hazard Analysis and Critical Control Points).

- Each site has an environmental improvement plan concerned with asset management and operational issues to achieve environmental improvements.
- An environmental assessment is carried out in the design phase of each project and needs divisional manager approval.
- Driland Water has an environmental strategy advisory group providing high level strategic advice, and meets two or three times per year.
- Driland Water used consultants to assist in the development of personal skills as well as organisational change.

REPORTING

- Driland Water has a steering committee that determines report content.
- A separate 'G3' GRI report was published in 2006/7 although it is not independently assured.
- Specific reports are required by some stakeholders such as reporting on sewerage spills to the state Environment Protection Authority. Voluntary reporting to customers includes a customer charter, newsletters for both residential and business customers and brochures and fact sheets.
- Internal reporting has a significant impact on performance management.

SUMMARY

- The utility's strategy with respect to the environment is led from the top. Significant resources have been deployed to change the internal culture of the organisation in order to effect changes in behaviour and embed the environmental strategy. The approach has led to the integration of environmental management, stakeholder engagement and external environmental reporting.